



INDEPENDENT

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Republic of Ireland 45p

TUESDAY 10 OCTOBER 1995

2,801

IN SECTION ONE

IN SECTION TWO

THIS MAN WILL RUN THE RACE
Does Colin Powell want to be President? Badly, it may be said



THE NEW SCHOOLBOY: CUTE KID, ACUTE BREAKDOWN
Why Macaulay Culkin's only starring role is in his parent's custody battle

20,000 jobs to go in giant bank merger

Directors in £10m share-out

JOHN WILLCOCK
JOHN EISENHAMMER
AND NICK CICUTTI

Ambitious plans by Lloyds Bank to take over its high street rival, the TSB, are likely to mean up to 20,000 job losses. 500 branch closures and share options totalling £10m for a handful of directors, it emerged yesterday.

The proposed takeover is the latest and biggest in a series of consolidating mergers in the financial services sector as banks and building societies seek to cut costs and improve their competitive position.

News of the merger plan, which is at a very advanced stage, was described as "appalling" by Leif Mills, general secretary of the Banking and Insurance Finance Union (BIFU). "This would mean savage cutbacks in the branch network and less consumer choice," said Mr Mills.

City insiders warned of job cuts of 20,000 over several years, out of a combined workforce of 90,000. The merger calculations, worked out by Lloyds' advisers, Baring Brothers, are said to be based on an ambitious savings target of £2bn, which would mean taking out some £400m annually from the combined operations. To be known as Lloyds TSB Group plc, the combined bank would have more than 3,000 branches and a market value of £15bn.

HSBC, which owns Midland,

remains the UK's biggest bank, but many of its operations are overseas.

Sources close to Lloyds and TSB management stressed that most job cuts would be by natural wastage and spread over a number of years. British high street banks have already cut over 60,000 jobs in the last five years, while Lloyds' chief executive, Sir Brian Pitman, himself said earlier this year that another 75,000 would have to go throughout the industry.

Lloyds' branch staff currently total 43,500 at 1,800 outlets, mostly in the south of England, while the TSB has 24,000 workers at 1,200 branches, mainly in the north and Scotland. However, BIFU warns there is significant overlap in the Midlands and Wales.

Unions and consumer groups want the deal investigated by the Monopolies and Mergers Commission (MMC). BIFU's Mr Mills wrote to Ian Lang, Secretary of State for Trade and Industry yesterday calling for a referral to the MMC, saying staff and customer choice were threatened. An MMC probe could blow the deal off course.

Lloyds' previous attempt at a dash for growth, when it bid for Midland Bank in 1992, was abandoned when an MMC probe appeared likely.

Lloyds has shed 15,000 people since 1991, while TSB has cut 8,000 in the same period. TSB is closing 200 branches this year and plans to do the same

next year.

City analysts said yesterday that the main targets for cuts would be the Lloyds administrative centre in Bristol and its TSB equivalent in Birmingham. Other overlaps occur between the Lloyds Abbey Life insurance operation in Bournemouth, Dorset, and TSB insurance in Andover, Wiltshire.

There will also be overlaps between Cheltenham & Gloucester, Lloyds' recently acquired mortgage arm, and TSB's Mortgage Express.

Kate Scribbins, head of money policy at the Consumers Association, said both Lloyds and TSB lagged behind other banks and building societies in a recent survey on service.

"[The merger] is good news if any savings... are used to improve standards of service and quality of products," Ms Scribbins said.

The new Lloyds TSB will have almost a tenth of the UK mortgage market and nearly a fifth of small business lending. Under the deal, Lloyds will end up owning 70 per cent of the bank while TSB shareholders will get a "special dividend" of 68p per share, totalling £1bn, and shares in the new bank. If the deal goes ahead it values TSB at over £5bn.

The new chairman of the group will be Sir Robin Ibbot, chairman of Lloyds, while Sir Brian Pitman remains as chief executive. But Peter Ellwood, chief executive of the TSB, who will take over responsibility for integrating the key retail operations of the two banks, appears to be well positioned as chief executive designate of the new banking giant when Sir Brian retires.

TSB's shares rose 79p to 353p and Lloyds by 21p to 726p.

High Street Battle, page 20
Comment, page 21



Watching over them: A UN soldier views the sunset from a hill above Sarajevo as the city waited to see if the ceasefire would go ahead Photograph: Reuters

Sarajevo waits for power and peace

EMMA DALY
Sarajevo

Bosnia's latest cease-fire was delayed last night after a tense day of shelling. Nato air strikes and failure to restore utilities to Sarajevo. "It will not happen because the conditions have not been met yet," said Hasan Muratovic, the Bosnian government's minister in charge of relations with the UN.

The ceasefire had been scheduled to take effect at one minute after midnight this morning. Mr Muratovic, appearing on Bosnian television, said the government and the Bosnian Serbs did as much as they could to restore electricity and natural gas service to Sarajevo, but could not get the

job done. He said that the truce will take effect as soon as that work is done. Restoration of utilities to Sarajevo was a key condition of a ceasefire accord brokered last week by the United States.

Showing little sign that they would cease hostilities, Bosnian government and Serb troops fought pitched battles around several key towns in northwest Bosnia. "The whole area is very active... lots of roads have been closed. We assume it's to ferry down the wounded," a Western military monitor said.

Monitors in Bihac in the northwest said battles were raging around Mrkonjic Grad, Kljuc and Bosanska Krupa, as the midnight deadline loomed.

Mrkonjic Grad lies on a

strategic road intersection some 60 miles southeast of Bihac and 15 miles south of the Serb's northern stronghold of Banja Luka.

It has so far escaped being overrun by Muslim and Croat forces who captured 1,500 sq miles in the region in a rapid offensive last month.

The capture of Mrkonjic Grad would give the government army control of the Sarajevo-Bihac road, a vital all-weather route linking mainly-Muslim areas in central and western Bosnia which have been completely separated in the three and a half year war.

Earlier yesterday, Nato planes attacked Serb targets in northeastern Bosnia after Serb shelling of government territo-

ry killed a Norwegian peacekeeper and claimed dozens of civilian casualties. A Nato spokesman said that two Alliance aircraft dropped laser-guided bombs on Serb command-and-control posts near Tuzla.

But despite the sharp increase in shelling and fighting, the utilities problem appeared to be the main reason for delaying this ceasefire. Officials from the gas company flew to Moscow yesterday for talks on the issue; the Russians have re-

fused to restore the flow, via Hungary, because they are owed more than \$100m (£63m) in unpaid bills for gas used in Sarajevo and diverted by the Serbs away from the city. Last night engineers from the Overseas Development Administration sat disconsolate by the phone awaiting the green light from Moscow. Once it comes, gas could reach the city within about 12 hours. Water will flow when the electrical supply is up and running.

Tide of war, page 13

Major warns of 'ruthless' road to tax cuts

DONALD MACINTYRE
Political Editor

John Major last night warned a party still reeling from the defection of Alan Howarth, MP for Stratford on Avon, to Labour that the Government would have to make "ruthless" decisions about public spending to ensure tax cuts.

In an uncompromising dismissal of a central element in Mr Howarth's farewell attack on the Conservative Party, the Prime Minister recommended himself to reducing taxes and identified the welfare state as a prime target for cuts to pay for them.

As Brian Mawhinney, the party chairman, led a concert-

ed exercise to limit the damage of Mr Howarth's departure by claiming that it was "yesterday's news", Mr Major told the Tory agents' dinner that few things angered people more than "others living off the welfare state - off taxpayers' money - when they could look after themselves".

Mr Howarth, who said in one of a series of broadcast interviews that the Prime Minister had told him what a "nuisance" his defection had been in their brief telephone call on Sunday night, had condemned in his resignation letter to the Stratford on Avon constituency party cuts in benefit for the unemployed, sick and disabled - and had complained of the Conservative "clamour for tax cuts

for the well-off". In one nod to the Tory left-wing agenda promoted by Mr Howarth until his decision to become a Labour MP, Mr Major promised that health and education, along with law and order, would be protected from what he implied would be a concerted effort to

drive down public spending elsewhere.

But the rest of the Prime Minister's speech was a clear attempt to appeal to the right and to highlight what he himself called the "clear cut choice" between a Labour Party still "hoping that throwing money at

problems will solve them" and the Tories "trusting the people, giving them more power, more choice and more opportunities".

Mr Major had intended to go into greater detail in his speech on policy, but deferred specific announcements until he makes his leader's speech to the conference on Friday on the grounds that they would have been inappropriate while the party was mourning the death of Lord Home, a former Prime Minister. The party conference will begin today with one minute's silence in Lord Home's memory.

Mr Major's tough message on spending will be underlined today when William Waldegrave, a born-again economic dry in his

role as Chief Secretary to the Treasury, will say that the lower spending as proportion of national income can be driven below 40 per cent the better.

The start to the conference was made even shakier by the announcement yesterday that Tate & Lyle was reducing its contribution to the Tories by £10,000 and giving £7,500 to Labour for the first time.

Sir Edward Heath, another former Prime Minister, last night declared regret that there were sections of the party which had an "absolute mania" about tax cuts. While he sympathised with Mr Howarth's arguments he still believed that he had been wrong to defect to Labour.

Conservatives in Blackpool, pages 4 and 5

Lord Home dies at 92



"His keen intellect and his deep patriotism all combined in a lifetime of public service. He was always conscious of the obligations his position placed upon him, which showed through in a genuine concern for the welfare of the whole nation."

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IN BRIEF

Mrs West's murder fears
Rosemary West warned her parents that her husband, Frederick, could be a murderer almost 25 years ago, her mother said yesterday. Winchester Crown Court heard that Mrs West said: "You don't know him, you don't know him. There is nothing he would not do - even murder." Page 2

Strike paralyses France
In the most serious challenge yet to the government of Alain Juppé, much of France will be paralysed today by a 24-hour strike called by seven unions representing five million public sector workers in protest against government plans to freeze their wages. Page 12

BT security alert
British Telecom has sold thousands of telephone systems to businesses without alerting them to serious security flaws that have let phone hackers make hundreds of thousands of pounds worth of free calls. Page 3



Justice is done, Saudi-style
"She was ordered to kneel before a crowd of Saudis where an executioner with a sword tore off her scarf. He then cut off her head." Robert Fisk on "justice" meted out to Filipina housemaids in Saudi Arabia. Page 14

Inflation rise
The annual inflation rate for fuels and materials purchased by industry rose from 9.2 to 9.5 per cent last month, the first rise since April. Page 21



COMMENT

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Andrew Marr: Why John Major should take Alan Howarth seriously Page 19
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Weather: Scotland will start rainy with strong winds but will become brighter later. England and Wales will be fine and sunny though cooler than of late. Section Two, page 21

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news

Wife feared that West 'could murder'

WILL BENNETT

Rosemary West warned her parents almost 25 years ago that her husband, Frederick, was capable of murder, Winchester Crown Court was told yesterday.

A dramatic account of a doorstep confrontation in 1971 was given by Daisy Lettis, Mrs West's mother, on the second day of evidence in the trial.

She told the court that Mrs West, now 41, who denies 10 charges of murder, returned home briefly, apparently after she and Mr West had had a row.

Mr West then went to the Lettis' house in Bishop's Cleeve, near Cheltenham, Gloucestershire, and, as the family stood at the door he said: "Come along Rose, come on home."

Mrs Lettis told the court: "She turned to her father. She just said 'You don't know him, you don't know him. There is nothing he would not do -

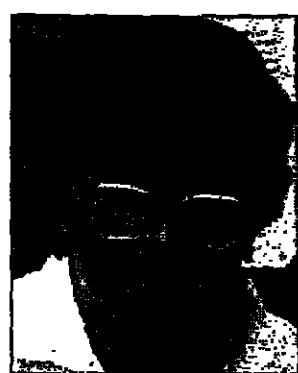
even murder.' We just thought it was the words of a highly-strung girl. We did not take it seriously." However, despite the outburst, Mrs West returned to her husband.

Mr West, who was accused of 12 murders, including the 10 with which his widow is charged, was found dead in his prison cell in Birmingham on New Year's Day.

Mrs West is charged with the murders of 10 girls and young women whose remains were found at the Wests' home in 25 Cromwell Street, Gloucester, and at a flat in the city where they lived previously.

The prosecution alleges that seven of the victims were bound and gagged and kept alive for days while they were sexually abused. They were found dismembered and decapitated - five of them buried in the cellar at Cromwell Street.

Mrs West is also accused of



Rosemary West (left) and her stepdaughter, Charmaine. A neighbour said the two had a difficult relationship



murdering her eldest daughter, Heather West, as well as Charmaine West, the daughter of her husband's first wife, and Shirley Robinson, a lodger who was pregnant by Mr West.

Yesterday, frail and grey-haired, Mrs Lettis, 76, did not glance at her daughter once as she gave evidence. Mrs West

stared intently at her mother but showed no emotion.

Mrs Lettis said her daughter met Mr West when she was 15 and working in a baker's shop. Her parents disliked him and at one stage had her put into care in an unsuccessful attempt to break up the relationship.

She said: "We just felt that he

was not telling the truth. We did not take to him. He said that he had a hotel in Scotland and a caravan site in Scotland."

Shirley Giles, a former neighbour of the Wests at their previous home - 25 Midland Road, Gloucester - told the court that Rosemary West had a difficult relationship with Charmaine West, the daughter of Mr West's first wife, Rena.

Mrs Giles' daughter, Tracey, became friendly with Charmaine when the West family moved to Midland Road in 1970. One morning she sent the child down to borrow a pint of milk. Tracey burst in on a disturbing scene in the Wests' flat.

Her daughter, now Tracey Hammond, told the court yesterday that Charmaine was standing on a chair with her hands tied behind her back with a leather belt and that Mrs West was holding a large wooden spoon with which she was ap-

parently on the point of beating the seven-year-old girl.

Mrs Hammond said that after they moved, they went back to Midland Road to see Charmaine and spoke to Mrs West. "I said 'Where is Charmaine?' and the lady there said 'She has gone to her mother's and bloody good riddance.'"

Earlier, Brian Leveson QC finished opening the case for the prosecution. He said that in every single set of remains found, there were bones missing, including many from the hands and feet and in seven cases, one or both kneecaps. The mutilation had been deliberate, he told the court.

"We know that the bodies were dismembered so that a smaller hole was all that was needed to make it easier to hide them in the ground. Each has already been mutilated."

"Fingers could well have been removed to render the task

of identification more difficult. That again is mutilation. Why is one or both kneecaps missing from seven of the girls? The only answer we submit again is mutilation."

He said that the victims had clearly been sexually abused and that the masks and other restraining devices found with their remains "speak from the grave as to what had happened to them."

He told the jury of eight men and four women that Mrs West must have been involved in the murders with her husband and concluded: "Between 1971 and 1987, 10 dead bodies. All at Mrs West's home, one at Midland Road and nine at Cromwell Street."

"The Crown submits that on the evidence you can and will be sure that Rosemary Pauline West is guilty of murder in relation to each girl."

The case continues today.

IN BRIEF

Baby's life support switched off

A two-week-old baby died yesterday when doctors switched off the ventilator that had been keeping her alive after she was injured in a car crash.

Shannon Wilson was injured on Friday in a car crash at Balmacara, Highlands, which killed her mother, Rachel, 23. Her father, Sandy, 29, who was being treated for severe shock in hospital on Skye, where the family lived, was flown to Yorkhill Hospital in Glasgow to see Shannon and give his consent for her life-support system to be switched off.

Officer suspended

A senior Cambridgeshire police officer has been suspended on full pay after criminal allegations were made against him. The officer, believed to be of superintendent rank, was suspended on 28 September. An internal inquiry is being headed by Chief Superintendent Keith Hoady.

Tengku Razaleigh

On 5 February 1994, the *Independent* published an article headed "Malaysia's corruption covered up" containing a number of statements and insinuations about Tengku Razaleigh Hamzah, the former Minister of Finance of Malaysia. The article quoted a letter purportedly from George Tan, chairman of Carri-an, a Hong Kong company, in which he wrote to Tengku Razaleigh Hamzah saying he was making 25 million shares in Carri-an available to him.

Our report was based on information which at the time we had no reason to doubt. We now accept that Tengku Razaleigh does not know George Tan and had never been offered 25 million shares in Carri-an. We are now satisfied that the allegations of corruption, in so far as they reflected upon Tengku Razaleigh, are unfounded and that he is a highly respected senior politician in Malaysia.

If any reader may have drawn the impression from our article that it was intended to suggest that Tengku Razaleigh was connected, either directly or indirectly, with the death of Jafar Ibrahim, a bank auditor who had made inquiries into the ownership of the shares, this is very much regretted and was not intended.

We apologise unreservedly to Tengku Razaleigh for any distress or embarrassment caused by our article.

The settlement of Tengku Razaleigh's action against the *Independent* was the subject of a statement in the High Court yesterday in which we agreed to pay him a substantial sum by way of compensation and his costs.

Tunnel smuggling

In the first case of its kind, a couple were fined £400 each after for smuggling a dog through the Channel tunnel. Graydon Denn, 29, and his wife, Tamar, 30, of Camden, North London, pleaded guilty at Hoveford Road magistrates' court to bringing the dog from Israel into Britain on a Eurostar train.

Clowes parole fight

Peter Clowes, 52, jailed for 10 years in February 1992 for stealing £16m from investors, won the first round in his attempt to get parole when the Court of Appeal overturned a High Court judge's refusal to let him challenge the Parole Board's decision not to recommend parole when it becomes due next year.

Eagle eyes

About 50,000 people in the UK took part in World Birdwatch 95 at the weekend, recording 300 species, including golden eagles.

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“He represented all that was best in his generation... everyone trusted him”

MARY BRAID

Lord Home of the Hirsel - better known as Sir Alec Douglas-Home - the only Prime Minister this century to be drawn from the House of Lords, died yesterday at his estate in the Borders aged 92.

Although widely credited as one of the best post-war Foreign Secretaries, Lord Home's year-long premiership, which began in October 1963, was characterised by its brevity.

The real significance of his term as prime minister was the watershed it provided between the patrician rule of the old-style grouse-moor Tories and the emergence of their modern successors.

A minute's silence will be observed today at the opening of the Conservative Party conference in Blackpool. Yesterday, cross-party tributes piled up for a man whose long career included a spell as parliamentary private secretary to Neville Chamberlain when he made his notorious 1938 "peace in our time" forecast, and who was the last Tory leader to emerge from the party's secret "magic circle" selection process.

The appointment of an "aristocrat" was criticised by Labour and the Liberals. But contrary to forecasts, the gaunt, genteel, old-fashioned Home - who subsequently admitted using matchsticks to work out economic policy - almost held on to power in the 1964 election despite the popular appeal of Labour leader Harold Wilson and Tory disarray in the wake of the Profumo scandal. Labour squeaked in with an overall majority of four seats.

Lord Hailsham, one of the then Tory leadership contenders, confirmed that Lord Home was "reluctant" to be Prime Minister after the resignation of Harold Macmillan.

John Major said Home was "underestimated and often underestimated", adding: "He was always conscious of the obligations his position placed upon him, which showed through in a genuine concern for the welfare of the whole nation."

Lord Home's health deteriorated markedly in 1990, after the death of Elizabeth, his wife of 52 years.

The Prime Minister's tribute was echoed by Sir David Steel, the former Liberal leader. "Alec Douglas-Home was the last of the gentlemen politicians who had no other motivation than public service," said Sir David.

Lord Home's magnanimity and absence of cut-throat ambition - showed in his gracious acceptance of the post of Foreign Secretary under Edward Heath, his successor when the Tories regained power in the early 1970s.

Sir Edward said yesterday that Lord Home had never had enough credit for almost winning the 1964 election but that he would be better remembered for his work in foreign affairs. "He made his mark as Secretary of State for the Commonwealth and then as Foreign Secretary and he was completely trusted by everyone with whom he was dealing, and that is of the greatest importance."

Lord Callaghan, the former Labour premier, said Lord Home was "a very modest man, with little patience for the sort of hype and soundbite style of



Lord Home: a politician noted for his magnanimity and lack of cut-throat ambition

Photograph: Stan Hunter

today's politics". Labour leader Tony Blair said: "The whole country will be saddened at the loss of a man who served Britain for so long. He loved his country and was a man of great

integrity and great compassion." Baroness Thatcher, who once described the elder statesman as the "wisest man I have ever met", said: "Integrity shone

out of Alec Douglas-Home. Everyone trusted and admired him. He represented all that was best in his generation."

Lord Home gave up six peerages to become prime minister

but finally returned to the Lords after retirement at 71 with a life peerage. Even after his 80th birthday he spoke and voted. He will also be remembered for his wit. In the early 1940s he

lay in plastercast for two years with tuberculosis of the spine. Afterwards, he joked: "The doctors have done the impossible - put backbone into a politician."

Obituaries, page 10

Sinn Fein says it wants talks without threats

DAVID MCNITTRICK
 Ireland Correspondent

Sinn Fein president Gerry Adams yesterday spoke out against the use of threats in the Irish peace process, professing his party's commitment to democracy, the accommodation of diversity, and national reconciliation.

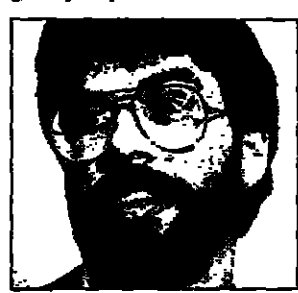
Mr Adams' comments were part of a detailed laying-out of the republican position, and he was intent on answering the charge, made by the British Government and by Unionist sources, that allowing Sinn Fein into talks before the IRA made a decommitment gesture would be tantamount to negotiating with an IRA gun at their heads. He said: "The achievement of peace must involve a permanent end to all violence. Threats... are certainly no part of any talks process in which we will engage."

His remarks were welcomed by nationalist sources, but the British Government remains insistent that inter-party talks can only begin when decommitment is taken place.

missioning of some of the IRA's weaponry actually takes place.

There is speculation that Mr Major's room for manoeuvre on the issue has been limited by the defection of Conservative MP Alan Howarth to Labour, which effectively cuts the Government's majority in the Commons from nine to seven.

The loss may make the prime minister more inclined to look to the nine Ulster Unionist MPs, with their new leader David Trimble, to help him out of any tight spots. Any weakening of the government's stance on decommitment would greatly displease Mr Trimble.



Committed: Gerry Adams

Children's sex abuse evidence challenged

DANNY PENMAN

Six men convicted last year of child sex abuse in Wales are the victims of a serious miscarriage of justice, the Court of Appeal was told yesterday.

The six were found guilty in June 1994, for their part in an organised sex abuse ring in Pembroke, west Wales.

After a nine-month trial they were sentenced to a combined total of 53 years in prison and for the first time in post-war Britain, conspiracy charges arising out of a child sex abuse ring were sustained in court.

The key evidence in the case came from a group of children, ranging from six to fifteen years-old, who said they were victims of the ring. The lawyers acting for the six alleged that the convictions are "unsafe and unsatisfactory" because the evidence of the children cannot be relied upon.

They claim that without the video evidence there is insufficient material to uphold the convictions.

The sex abuse ring came to light in May 1991, when an eight-year-old boy in Pembroke, who was undergoing counselling following the breakdown of his parents' marriage, accused his father of abuse. He quickly accused his mother and a group of other adults.

The inquiry soon encompassed two other families who shared the same housing estate as the boy's father. No compelling evidence was found to substantiate the boy's claims, so the charges against his father were dropped. Social workers continued to question the eight-year-old boy, as well as the children of the other two families.

Later, after a teenage girl complained her father had raped her, police believed they had uncovered a paedophile network. During their investigations 18 children from nine families were taken into care.

ITV to explain plan to move 'News at Ten'

MATHEW HORSMAN

The ITV companies have promised a formal letter of "explanation" to the Independent Television Commission in the row over the rescheduling of *News at Ten* next Monday.

Roger Loughton, chairman of ITV's Broadcast Board, promised to explain the circumstances of the controversial plan to delay the evening bulletin by 15 minutes to make way for an extended episode of the

hit series, *Cracker*, starring Robbie Coltrane.

ITV still hopes to make the change, saying yesterday the proposal had "nothing to do with a campaign to move *News at Ten* permanently."

The ITC is believed unlikely to grant its approval. "We don't say it can never be done," the ITC said. "But each circumstance must be viewed carefully." As a condition of their licences, ITV companies are required to show 30 minutes of

news in peak viewing (6pm-10.30pm). The *Cracker* episode is scheduled to begin at 9pm, after the family watershed, and run 75 minutes until 10.15pm.

In the past delays to news have been due to extended live sports transmissions, party political broadcasts or breaking current events. Last year, a two and a half hour documentary on Prince Charles delayed the news until 10.30pm. But in that instance, the ITC's prior approval was sought and granted.

If ITV goes ahead without permission, the ITC "will consider what action it might take in respect of all the channel's weekday regional licences," a spokesman warned.

The ITC commissioners were said to be "livid" about the restructuring proposal, first revealed in newspaper reports over the weekend. "Having the [ITC] board members reading about this over their cornflakes is not a way to get them on your side," the spokesman said.

Adding to ITV's discomfort, the television listings published yesterday already showed the scheduling change and another listings publication is expected to come out today, also indicating the delayed start to *News at Ten*.

It was clear to the ITC that the ITV Network Centre had been planning to make the change for some time, and that the failure to notify the commission was an issue it takes "very seriously."

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حکومت الاموال

BT memo reveals its phones are not secure

CHARLES ARTHUR
Technology Correspondent

British Telecom has sold thousands of business telephone systems which have serious security flaws that let phone hackers make hundreds of thousands of pounds worth of free calls.

The total cost to British businesses of such hacking, which is used to make calls across the world, is now thought to run to millions of pounds annually. One phone hacker has told the *Independent* that the Meridian switchboard, sold by BT since 1991 to more than 5,000 businesses throughout the UK, is riddled with security loopholes in its voicemail and call diversion facilities. "It's like a car manufacturer selling a model which has no locks and just a switch for the ignition," he said.

But BT has been aware since at least January of such dangers, according to an internal document issued to managers within BT and seen by the *Independent*. In it Geoff Guttridge, who heads an internal BT team, notes that these types of phone hacking have "already reached epidemic proportions in the USA".

He adds that they "have very serious implications for our customers" but adds "Do not discuss the various means by which fraud can be made - this will only serve to alarm the customer further". The Meridian switchboard offers voicemail boxes, which are computerised message systems that act like electronic answering machines, and "dial-through" facilities, which let the user of an extension set the phone to transfer unanswered calls to an external number.

Both only work when a four-digit code is entered. But until last year, Meridian systems were sold with the code set to a default which could be guessed easily. Until six months ago, the models sold gave anyone who worked out the code unlimited access to outside numbers. Phone hackers call businesses after work hours so that extensions will not be answered. They often call on freephone

lines and use a combination of guesswork and determination to crack the codes of unused extensions. They then enter the four digit code to set the extension to redirect calls, often to friends in other countries or computer bulletin boards in the United States. The company unwittingly ends up paying for both the hacker's incoming and outgoing calls, which can last for hours. Phone hackers often contact each other on voicemail and spread information about companies whose systems can easily be broken into. As a result, some switchboards are host to hackers operating in parallel to the legitimate business, leaving each other messages and dialling in and out with impunity.

BT says that earlier this year it sent out warnings by registered post explaining the risks of telephone hacking to all the owners of such systems. "We are working extremely hard to ensure that all our customers who are vulnerable have taken action against it," said BT.

However, the document issued by Mr Guttridge says, "It is essential that no commitment is given to any customer with respect to cost reimbursement and no admission of BT liability is made until we have established the full facts of individual cases." One phone hacker told the *Independent*: "In many cases the owners of these systems have no idea that these flaws exist - otherwise they would do something about it." Michael Persky, marketing director of the voicemail company Octel, estimates that the level of fraud through phone hacking is now "a multi-million pound problem" and adds: "The level of publicity associated with the Internet and hacking has raised the level of awareness of people that systems can be hacked, so more people are trying it." The Meridian system is made by Northern Telecom of Canada. Peter Fintel, the UK product manager, said: "We only know of four cases of hacking in the UK." He said it was up to BT to explain to customers.



Firewatch: Vast clouds of thick black smoke, ignited from a fire at the Whiton complex near Redcar, Cleveland, yesterday as a huge blaze gripped the chemical plant. It took 180 firefighters nearly 11 hours to quench the flames. Residents were warned to stay at home and close their windows because of the smoke. The cause of the fire was not known

Tobacco row hits cancer campaign

LIZ HUNT
Health Editor

A row between a government minister and a senior member of the European Commission has overshadowed the launch of Europe against Cancer Week, a premier event in the European Union's health calendar. Geoffrey Martin, head of the Commission's representation in the United Kingdom, accused Tom Sackville, a junior health minister, of ridiculing the Commission "for party political reasons" on the eve of the Conservative Party conference. Mr Martin and Mr Sackville shared a platform in London yesterday to publicise the results of a survey of 16,000 people which revealed that the British are more ignorant about the causes of cancer and preventive measures than their neighbours in 15 European countries. Defending the Government's health education strategy, including its Health of the Nation initiative, Mr Sackville said that Britain's attempts to dissuade people from smoking - a leading cause of cancer deaths - with heavy taxes and controls on advertising and promotion, were undermined by the millions of pounds in subsidy paid to European tobacco farmers. "While we pile on taxes on tobacco in this country, some of those taxes are being spent in

Europe to subsidise tobacco farmers. That is ironic and it is unsatisfactory, as I hope everyone will agree." Mr Sackville added that surplus European-produced tobacco was being "dumped on the overseas market to clog up the arteries of people in the Third World". However, after he had left the press conference early, Mr Martin seized the opportunity to rebuke the minister for his statement. "I'm not a politician, but there is a limit to which the European Commission can keep quiet when people are walking all over it for party political reasons..." "Whereas in past years we were prepared to turn a blind eye when attempts were brazenly made to ridicule the European Commission, we now say that we will hit back." Mr Martin said he was concerned about the impression Mr Sackville gave of distancing both himself and his government from the EU and for suggesting that "recklessness was the order of the day on the part of the Commission". He said Mr Sackville was out of step with his own Government policies which backed the European Commission's attempts to dissuade southern European farmers from growing tobacco. This could not be done overnight said without threatening thousands of jobs.

Gay council worker wins compensation over sacking

A security worker who claimed he was sacked by a London local authority because he was gay, celebrated last night after winning compensation from the council. David Morgan, 36, a former security supervisor at a block of council flats, said he was a victim of anti-homosexual discrimination when he worked for Labour-controlled Haringey Council. Mr Morgan, from Ilford, Essex, who has lost his home and car in the course of his three-year fight against the council, claimed he was wrongfully dismissed from his £15,000-a-year job because colleagues told him they did not wish to work with gay people who were HIV-positive.

He started working for Haringey in January 1992 as senior concierge and security supervisor at a housing block on a small estate in Wood Green, north London. He quickly clashed with another concierge, who became abusive when he found out Mr Morgan was gay. Mr Morgan invoked the council's disciplinary procedure to have the man suspended, and the colleague was disciplined for gross misconduct. But days after this judgement was served, Morgan himself was sacked. Haringey said he was incompetent. It was alleged he needed too much supervision, he failed to act on instruction and he had developed poor working relationships with other members of staff. Because he had only worked for the council for six months, 18 months short of the statutory minimum period required to claim unfair dismissal at an industrial tribunal, he was forced

to take his case before a court. In his fight with the local authority, Mr Morgan, who now keeps his home address secret, argued that competence was not the issue and pointed to a string of irregularities in his case. Not least among these, he argues, were vague allegations that he had been "inappropriately overt" about his sexuality. Yesterday, after accepting the money, paid into Central London County Court by the council, which still denies liability, He added: "I feel that I have had a moral victory and I feel the council has admitted liability. "I hope it encourages other people to the same thing. It has taken three years but it was worth it because maybe it will stop other unscrupulous employers from discriminating against gay people. It is still not

illegal to discriminate against people on the grounds that they are gay. "I just hope that Haringey Council has an investigation into the whole affair. It has cost the council about £40,000 to fight this case against me. I won't see a penny of the £2,100 it paid into court because it will all be taken up with legal fees." He added that, as a Labour Party member he would like to see an investigation at national level into discrimination against gays by Labour councils. "It makes my blood boil when I see Tony Blair stand up at conference and say he says he won't tolerate discrimination. I'd like to see him turn to the leader of Haringey Council, Toby Harris, and say 'I want an investigation.' "I'm happy, but still unemployed."

Sting 'said yes to tax cash loan'

The rock superstar Sting's former accountant insisted yesterday that he had never invested any of the wealthy performer's millions for his "own interests". Keith Moore, 51, is accused of stealing £6m from the former lead singer of the Police. The Crown has alleged that the cash was ploughed into a series of largely unsuccessful ventures including an international chain of Indian restaurants, and the conversion of Russian military aircraft into passenger carrying "super jumbos". Questioned by his counsel, Nicholas Purnell QC, Mr Moore told the jury at Southwark Crown Court, London, that it was his philosophy to encourage artists in a "hands-on" approach to business, but Sting had, he said, a "short attention span". He added: "The responsibility fell upon me for everything. Anonymity was of concern to Sting. He did not like the idea of pressure by people on him personally."



Moore said the performer did not like publicity attached to his investments. "Artists of his stature want to be associated with success. They don't want to be associated with the somewhat rocky path up to the creation of success." He told the jury that it was a relief to share the burden of the failed business ventures in a confrontation in 1992 with Sting's managers and solicitor. "I had been bearing the burden... of the continuing problems of recovery of the money. It was some relief to share my



burden with other people. It was my responsibility because I made the investments." Moore was also questioned about his use of some of the star's money to pay a tax demand for £691,000, and thus avoid bankruptcy in the process. He explained that a discussion at Sting's country mansion in Wiltshire. He had told the performer that he believed Sting

could recoup some \$10m from his record company, A&M Records, as a result of underpayment of royalties in previous years. "His response was that if that is right there was a 'big fee for your part'," said Mr Moore. "I took that opportunity... to tell him that I was in extreme difficulties with the Inland Revenue and asked for an advance against the fee." He quoted Sting as saying that that was probably "OK" and that Mr Moore should write to him. The accountant said he faxed a letter to Sting's Californian home in Malibu, and shortly afterwards had faxed back to him a signed letter of authority allowing the sum to be drawn on one of the singer's accounts with bankers Coutts and Co. Sting has told the court he believed the letter of authority was related to his own affairs. Mr Moore, of Fulham, south-west London, denies 15 sample charges of theft from Sting between August 1988 and July 1992. The trial was adjourned until today.

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TORIES IN BLACKPOOL

The faithful look for a fight over 'traitor'

COLIN BROWN
Chief Political Correspondent

The Tory faithful arrived in Blackpool last night fuming with the defection of Alan Howarth to the Labour Party on the eve of the party conference.

Branding him a traitor, activists were angry about the timing of his defection to try to overshadow the party conference. Many grassroots supporters wanted John Major to lead a fightback with a positive agenda to show the Government has not run out of steam.

In spite of the blow to Tory morale, and the Tories' low standing in the opinion polls, a stiff upper lip was evident at the Imperial, the conference hotel where the Cabinet are staying.

Activists made it clear to Mr Major at the agents' dinner last night that the Government needs to show a positive agenda to overcome the setback of Mr Howarth's 'betrayal'.

"He has made party members rally round the flag of the party and it has made them more determined," said Sylvia Mason, agent for Haselgrove.

Two Glasgow Tories said Mr Howarth's switch was as bad as the last-minute conversion to Rangers by the Celtic football hero, Mo Johnston. "He was a traitor and will be despised for the rest of his life," said Malcolm Mulheron, from Eastwood. "It's the same with Alan Howarth." Tories were "like lepers" in Glasgow, he added, but he would never switch to Labour.

Sipping coffee, the other representatives were keen to dismiss the Howarth defection as a "two-day wonder". But down the promenade, Frank Dobson, a member of Tony Blair's Shadow Cabinet, was offering membership forms to any Tories who wished to switch allegiance. "We will welcome aboard all defectors. Another two or three

MPs is all we need to force a general election," he said.

The mood in the coffee room at the Imperial was stoical. They have witnessed conference crises before at Blackpool, including the Sara Keays revelations which brought down Cecil Parkinson. "I am looking for a bookie to put £5 on the Conservatives to win the next election. I am convinced we will win," said Diana Challen, of Eastleigh. "What we need to show is strength of purpose."

Few wanted to see more of the Thatcherite policies which forced Mr Howarth to desert the Tory party. They had been told to expect announcements, but they wanted fresh ideas to improve the standard of living, including action on crime, not an attack on the welfare state

to pay for tax cuts. Roseanne Danc, from Esher and Walton, said Tony Blair was a "hard act to follow. We need enthusiasm from this conference. I am sick of being battered for things that are not our fault".

Her husband, Michael, said: "The test will be in positive policies put forward because the one thing there was last week at the Labour Party conference was a complete absence of commitments, apart from the song and dance about the BT deal. We can go onto the attack when Labour begin to tell us what their policies are."

Sir Norman Fowler, the former Conservative Party chairman, tried to steady nerves over Mr Howarth's resignation. "It is not going to overshadow the conference. There has been a trade in the other direction. Most have been from Labour to the Conservatives."

Lady Doreen Miller, chairman of Greater London Tories, blamed Tory leadership for accepting Mr Howarth as a Conservative. "I think Central Office was daft to let him in," she said.

Today's business

Morning session: Debates on education, health, and the environment. **Afternoon session:** Debates on the economy and the environment. **Evening session:** Debates on the environment and the economy.

Howarth rounds on 'silly claims of mid-life crisis'

PATRICIA WYNN DAVIES
Political Correspondent

The Labour defector Alan Howarth hit back yesterday at claims that he deserted the Tory party for personal reasons and a "mid-life crisis".

The Stratford on Avon MP criticised Gillian Shephard, Secretary of State for Education and Employment, for making the suggestion. "I've heard she has lowered the tone of the discussion, calling me vindictive and suggesting that I am in mental turmoil. People will have to form their own judgement. I think her comments are silly and unfortunate," he said.

Mr Howarth also criticised Mrs Shephard for failing to secure extra resources to improve educational standards.

But he gave her "marks for trying" to stop Michael Howard, the Home Secretary, appealing to the "worst nature" of the Tory party by seeking to make employers screen immigrants.

The MP went on to dismiss newspaper reports linking his move to the recent breakdown of his marriage. "It was, I suppose, par for the course. Some of what the Tory press has been saying is very vicious."

The fresh outbreak of acrimony came as the Tory party cranked up attempts to bury the issue before the conference gets under way today.

Sir Norman Fowler, a former party chairman, dismissed Mr Howarth's claim that up to 40 Tory MPs shared his feelings about Conservative policies. "It's just a two-to-three day won-

der that will not overshadow the conference," he insisted.

Delegates also insisted that Mr Howarth's action had not blighted the conference. They said the people who had been let down were the electors of Stratford on Avon who had thought they were voting for a Conservative MP.

It emerged yesterday that Frank Dobson, Labour's environment spokesman and part of the party's "rebuttal" team in Blackpool, had voted for a Private Member's Bill in 1981 which sought, unsuccessfully, to force MPs who crossed the Commons floor to immediately re-contest their seats in by-elections - a course Mr Howarth has refused to take.

"In a Private Member's Bill you can decide whichever way you

want," he said yesterday. "It is for Mr Howarth to decide. I heartily welcome him into the parliamentary Labour Party."

Mr Howarth said he could understand the criticism from constituents that he did not immediately resign the seat. "But if you look at our political history over the last 20 or 30 years you will see that convention and practice in our constitution do not require there to be a by-election if the sitting member changes his allegiance. It has happened on many occasions. I am aware of some 60 instances over the last 60 years."

But the decision was clearly causing anguish on the centre-left of the party. Peter Luff, MP for the neighbouring Worcester constituency, urged Mr Howarth to reconsider.



Howarth's way: Alan Howarth outside his home yesterday responding to the 'vicious' criticism aimed at him since his defection to Labour. Photograph: Dan Chung

Battle for the party moves to the fringe meetings

PATRICIA WYNN DAVIES

A fringe meeting called Europe - the Battle for Britain, and hosted by the right-wing Freedom Association is due to be held tonight. All the members of the so-called Group of Seven, formerly whipless, MPs are down to speak.

It could equally have been entitled the Battle for the Soul of the Conservative Party, such is the determination the issue continues to provoke.

The meeting, to be followed up by two fringe appearances by the vanquished leadership challenger John Redwood, show that this year, as in all others in recent memory, the big battles take place away from the anachronistic atmosphere of the conference hall. It is a scene repeated in hotel venues all over Blackpool this week.

Nothing can quite match the almost revivalist fervour of the Tory fringe - and its domination by one faction of the party.

At another Freedom Association/National Young Conservatives event, right wingers Edward Leigh MP and Iain Duncan-Smith will speak on The Future of Conservatism.

Then follows the first of the well-established crowd-pulling annual events, the Thatcherite Conservative Way Forward luncheon meetings where Michael Portillo will get his opportunity to speak to the converted while Peter Lilley takes the microphone at a second luncheon Way Forward meeting.

Possibly buoyed by the summer reshuffle, but probably because it is not in their nature, a full-blooded fightback by the centre-left is hard to divine.

The Bow Group will debate the future of the British film industry, and the Conservative Group for Europe has convened no speakers, holding only a reception - although the Tory Reform Group have invited Stephen Dorrell, Secretary of State for Health, to speak at their dinner.

The Sunday Telegraph has organised a debate between Mr Dorrell and Mr Redwood on Thursday night.

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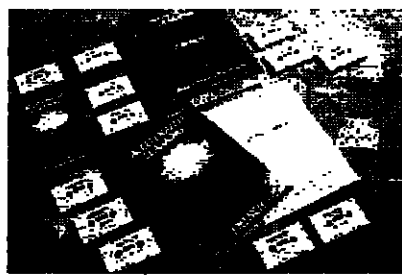
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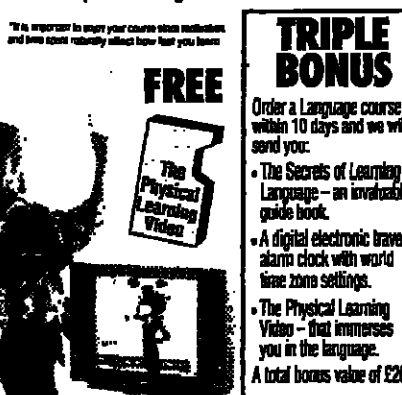


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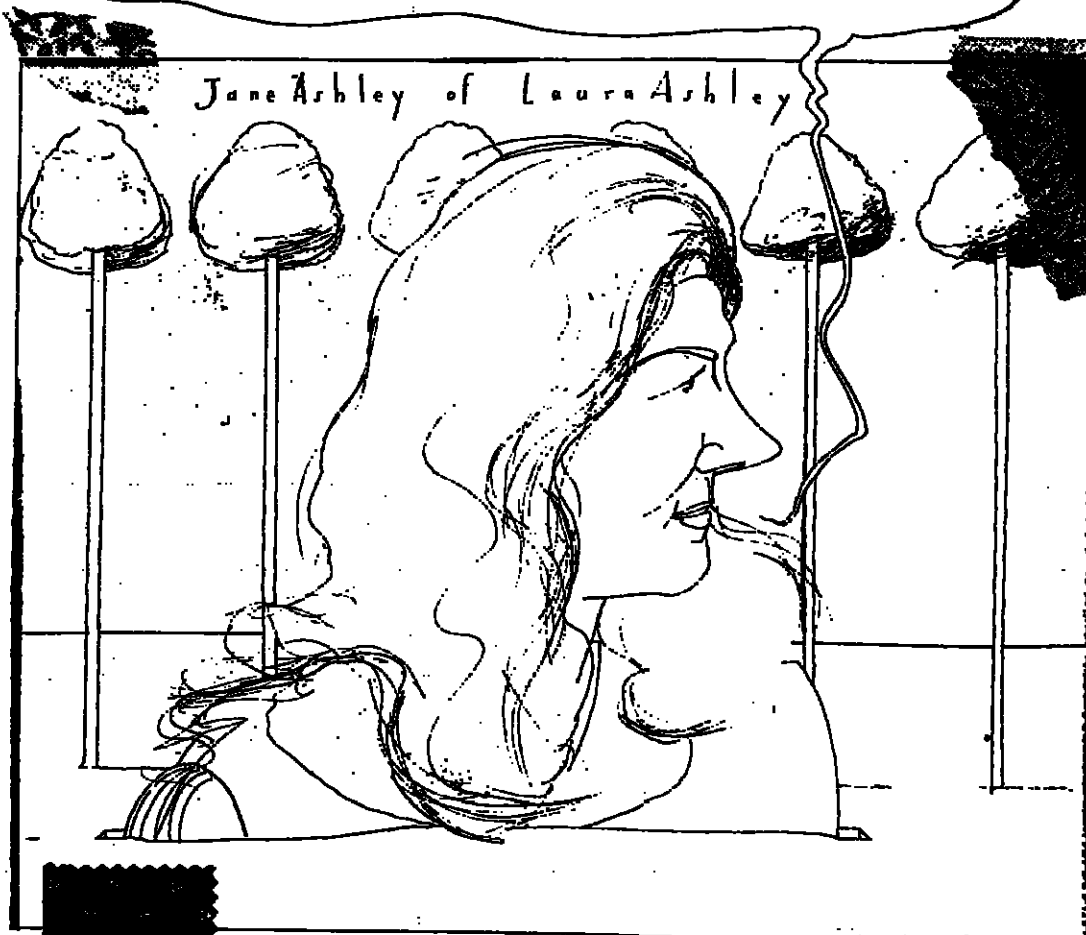
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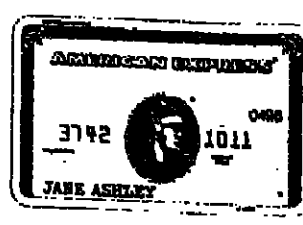
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مكتبة الادب

TORIES IN BLACKPOOL

Lilley sets agenda to lift party spirit

COLIN BROWN
Chief Political Correspondent

Fresh curbs on welfare "scroungers" are to be announced by Peter Lilley, confirming the worst fears of Alan Howarth, the former minister who defected to Labour, that the Tories are adopting an uncompromising Thatcherite agenda for the general election.

The Secretary of State for Social Security is expected to announce plans for stopping asylum seekers getting automatic access to welfare benefits as part of measures to cut alleged fraud costing £6bn. He could emerge as one of the key right-wing speakers to lift the morale of the Tory rank-and-file at the party conference. There will be a Thatcherite edge to the announcements being prepared for the Blackpool conference.

Sir George Young, Secretary of State for Transport, will tomorrow announce that the privatisation of Railtrack is to be accelerated next year to produce an estimated £1.5bn in time for the pre-election Budget. The privatisation of Nuclear Electric - stalled by Michael Heseltine, former President of the Board of Trade, because of the cost of decommissioning - is expected to be the go-ahead for next year, to demonstrate that the Government has not lost its zeal for privatisation.

Downing Street has ordered each Cabinet minister with a platform speech to come up with two ideas for the conference. They have planned a string of announcements to restore the impression that the Government is back on track with a clear agenda, following the criticism by Alan Howarth

that it was suffering from "a kind of listlessness".

On Thursday, Michael Howard, the Home Secretary, will announce the go-ahead for a voluntary identity card scheme, having resisted grassroots pressure to make it compulsory. He will also announce that courts will be expected to hand out longer sentences for burglary to persistent offenders. The police, social services and schools will be urged to co-operate to identify young offenders, with the onus on parents to enforce more discipline.

Virginia Bottomley, Secretary of State for National Heritage, will today attack Tony Blair's plans to end the six-year National Lottery contract for Camelot. She will announce lottery funds will be used to give school children free access to museums and art galleries.

A transatlantic free trade zone, linking North America and Europe, will be used by Malcolm Rifkind, the Foreign Secretary, to defuse the smouldering dispute in Tory ranks over monetary and economic union in Europe. Many Eurosceptics will welcome the high priority he will attach to the free trade zone in his speech today. They see it as a balancing factor against the pressure to form a core group a single currency by Germany and France.

Brian Mawhinney, the party chairman, has transformed the campaign platform with three huge video screens, to give the conference a hi-tech look. He has also dropped the Purcell adaptation by Andrew Lloyd Webber, which was used at the 1992 general election, in favour of the theme tune from the film, *An Officer and a Gentleman*.



Testing time for Tories: The Labour leader Tony Blair and his deputy, John Prescott, stare down from a video screen on to the platform being prepared for the Tory conference which starts today in Blackpool. The party intends to use the picture at an anti-Labour presentation later this week. Photograph: Brian Harris

Labour to get £7,500 sweetener from sugar firm

DONALD MACINTYRE
Political Editor

The board of Tate and Lyle, the sugar giant, has decided to make a donation to the Labour Party for the first time in its history. The company, traditionally a significant backer of the Tory party and a fierce corporate campaigner against nationalisation, has divided its political contributions among all three main parties.

The company confirmed leaks in Blackpool yesterday that it had reduced its normal annual £25,000 donation to the Conservatives to £15,000 and decided to give £7,500 to Labour and £2,500 to the Liberal Democrats.

Tate and Lyle - which doubled to £50,000 its annual donation to the Tories in the run up to the last general election - said that the board took a strong view that there should be state funding of political parties.

However, Simon Gifford, the company secretary, said yesterday that the board had recognised that in the absence of state funding it had a responsibility to help political parties.

It had taken into consideration the performance of the Government, "the changing stance of the Opposition and the role of the Liberal Democrats and decided this year to support all three", he said.

Mr Gifford said that the replacement of Clause IV - and the ditching of Labour's historic adherence to state control - had been one consideration in judging how far the Labour Party had changed.

Although the company has made modest donations in the past to the third party - it made one to the Social Democrats in the early 1980s - it has never before given to Labour.

The £7,500 donation is one of the first made by a large company to Labour. The only other one so far known was by the publishing and media conglomerate Pearson, which divided its donations up between the three main parties and gave Labour £25,000.

Tory spin doctors to face challenge of 'rebuttal unit'

DONALD MACINTYRE
and PATRICIA WYNN DAVIES

A five-strong hit team of Labour officials, including Matthew Taylor, head of the party's "Rebuttal Unit", is in Blackpool this week to mount the most high-profile propaganda offensive during a Tory conference.

The team of spin doctors and campaign specialists has been installed in the Sun Lounge of Blackpool's Savoy Hotel with the aim of defending Labour against the constant ministerial

attacks to which it will be subjected this week.

The team, which also includes an experienced press officer from John Smith House, Adrian McMenamin, is being backed up by campaign staff and other members of the Rebuttal Unit in London as well as Alan Barnard, who is responsible for a series of initiatives including leafletting Tory representatives as they enter the Winter Gardens.

David Hill, the party's chief press spokesman, said the team was in Blackpool to "rebut lies,

expose divisions, [and] reveal what is the real agenda of the conference".

Labour's media presence is considerably more visible than that of the Conservatives' last week which, except for contact with favoured newspapers, relied largely on a stream of faxes to correspondents in Brighton from Central Office.

The term "rebuttal" is borrowed from that used by strategists in Bill Clinton's US Presidential campaign to describe instant reaction to all claims about the Democrats

by the Republicans. The term was used in the notorious leaked memo drafted in May by Philip Gould, the party's leading political consultant.

But there has also been an element of two-way transatlantic traffic in the growing rebuttal industry. Mr Hill was consulted by Democratic Party strategists about his success in the run-up to the 1992 British general election in "spoiling" a *Sunday Times* "sneak" story that Neil Kinnock was named in KGB files as having met Soviet officials in London. Mr Hill called

a Friday evening press conference to get his realisation first in morning newspapers on the Saturday.

The Labour team will be staying in the Sky Hotel - a rather more modest establishment than the Savoy - on Blackpool's South Shore but are working long hours in the Savoy where a number of Tory delegates will be staying.

"We certainly haven't encountered any problems yet," said Mr McMenamin. But he admitted: "I don't think most people know we're here yet."

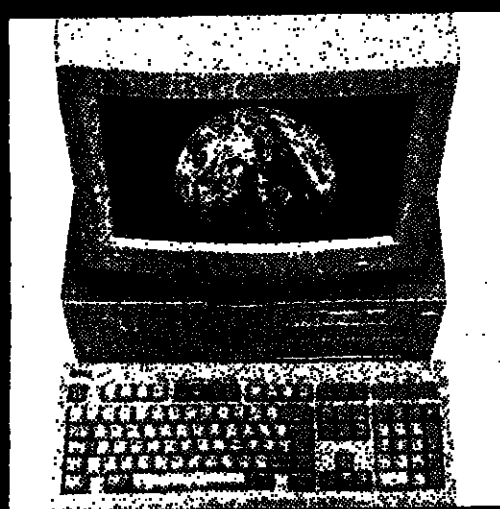
Mr McMenamin added that the less successful the Tory party conference was, the less their services would be in demand. "We're quite relaxed about that," he added.

Meanwhile Brian Mawhinney, the party chairman, was seen at the Winter Gardens yesterday in earnest conversation with Sir David English, chairman of Associated Newspapers, who wrote in a *Spectator* article last week that it was "not impossible" that the company's newspapers could support Tony Blair in the next election.



David Hill: In Blackpool to rebut "lies and expose divisions"

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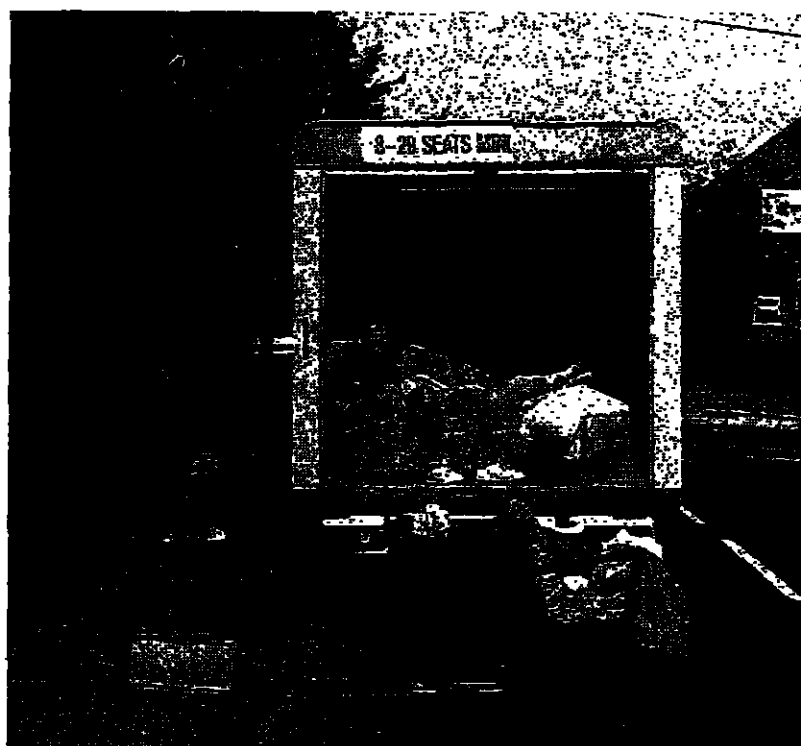
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news

Boarding school parents 'suffer as children have fun'

JUDITH JUDD
Education Editor

Many children enjoy boarding school but their parents suffer agonies of doubt and guilt, according to a survey published yesterday.

The poll of 5,000 parents with children at private and state boarding schools shows homesickness is just as traumatic for them as for their children.

The survey, by the Independent Schools Information Service, is part of a campaign to reverse the decline in the number of boarding pupils, down by a sixth since 1990. Average boarding fees are now more than £10,000 a year.

The report says its findings "lay to rest the notion that boarding parents are uncaring egoists who cannot wait to hand over responsibility for their children to others".

For many parents, it says, "successful results of boarding have been bought at some cost - not just financial but emotional and, for many, a kind of

anxiety somewhere between doubt and guilt".

One parent said that, during the first term, her daughter was desperately homesick.

"We all found this an extremely difficult time," she said. "Despite her pleading to be removed, we persevered."

Two weeks into the second term, the problem was happily resolved by negotiating a new weekly boarding arrangement.

One in three parents believes that their relationship with their child improves because of boarding while only 7 per cent feel it deteriorates. Four out of ten are first-time buyers of boarding education, with neither parent having had any personal experience of boarding.

Most parents have to justify their decision to use a boarding school to other parents, particularly the parents of those who are ten or younger. One in five children starts boarding before they are nine.

Parents choose boarding because they believe it makes

their children more mature and independent. They are more interested in the many extra-curricular activities on offer than in a particular school's academic reputation.

Six out of ten choose boarding after considering local day schools and around a fifth of parents opt for them because they live overseas or serve in the armed forces.

Overall, only a quarter of parents are concerned about whether a school is co-educational or single-sex, though it is important for 59 per cent of parents in girls' schools.

The weekly letter home is apparently a thing of the past. Nearly half of boarders never write to their parents but almost all telephone home several times a term. Nearly a quarter telephone several times each week.

Parents gave a variety of reasons why their children enjoyed boarding. One parent of three brothers at preparatory school said: "The boys think it's cool to board."



Big wheel: Zdenek Mesicek demonstrates his Czech company's penny-farthing in Shepperton, south-west London

Photograph: Sacha Lila

Military's ban on gays 'has no basis in law'

STEPHEN WARD
Legal Affairs Correspondent

Britain's policy of banning all gays from the armed forces is impossible to justify in English law, the Court of Appeal was told yesterday.

David Pannick QC quoted a letter from a former Lt Cdr in the Royal Navy who had described his sexuality as "no more relevant than whether I eat fish on Fridays".

Mr Pannick was arguing the case of four dismissed servicemen and women who are fighting to overturn the policy which leaves Britain virtually isolated in the Western world. They say the policy also breaches the European Convention on Human Rights and European Union equal opportunities legislation.

In June two High Court judges ruled against the four, but Lord Justice Simon Brown, said the tide of history was against the ban and Mr Justice Curtis said it was not based on evidence. Since then the Government has announced a review to report by January, but defence chiefs have made it clear they support the ban.

This week's appeal hearing has been found a date with unusual speed after the Ministry

of Defence had blocked an application to allow the case to go directly to the Lords. It is being heard before the top civil court judge, the Master of the Rolls, Sir Thomas Bingham, and two other appeal court judges.

Mr Pannick said that the ban on gays was irrational in terms of law. He said there was no discretion to overlook homosexuality. Gays were forced to leave even if they were not indulging in sexual activity. They were forced out even if they kept their sexual behaviour completely off the military base. They had to leave however distinguished their military record.

"British forces personnel serve alongside gays from other countries without, on the evidence, any problems," he said.

"If a man has a stable relationship with a civilian and lives away from the military base, he will be discharged. Yet he can have an affair with a fellow serviceman's wife and not be discharged."

The four appealing are former Lt Cdr Duncan Lustig-Prean, 36; Graeme Grady, 32, a former RAF sergeant; John Beckett, 25, a former navy weapons engineer and Jeanette Smith, 29, a former RAF nurse. The case continues today.

Firefighters vote for 24-hour strike action

BARRIE CLEMENT
Labour Editor

Nine out of 10 Merseyside firefighters have voted to step up their seven-week campaign of industrial action in protest at compulsory job losses.

In a turnout of more than 80 per cent, members of the Fire Brigades Union voted by 1,160 to 127 to lengthen strikes from nine to 24 hours in a dispute which is considered to have strong nationwide implications.

A confidential letter from the Home Office has warned that the Army's "Green Goddess" appliances, which have been used during the stoppages, may be not able to cope with the longer walkouts, but management argues that the prediction

was based on a "misunderstanding". The first day-long strike is scheduled to begin at 9am on Wednesday next week.

Ken Cameron, general secretary of the FBUI, described the vote as "overwhelming" and said it showed the increased determination of his members to fight cutbacks which mean 20 redundancies and the loss of three days' annual leave a year.

Both Whitehall officials and union officers agreed yesterday that other fire authorities throughout Britain may take a similarly tough line over cutbacks if Merseyside management prevails in the dispute.

Mr Cameron said the fire authority should now re-examine alternative proposals to save the required £700,000.

DAILY POEM

Ivy

By David Gascoyne

The ivy invading my window-sill
needs perennial cutting-back.
An ivy-leaf fluttering in the wind
reminds me of inhuman nature's
obstinate beauty
A patch of pale blue behind it
portrays a persistent faint yearning
while the cloud crossing it
grey as boredom
is yet tinged with a flush
of residual beauty.

David Gascoyne was born in 1916 in Harrow. His first collection of poems, *Roman Balcony*, was published when he was still at school and by the age of 19 he had produced a semi-autobiographical novel, *Opening Day*, and *A Short Survey of Surrealism*, an account of the Surrealist movement in Paris. Both surrealism and existentialism had a profound effect on his work, producing visionary poems of religious and philosophical intensity which were quite unlike those of his generation. His *Collected Poems* were published in 1988 by OUP.

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news

Fruit fly embryo research team wins Nobel prize

STEVE CONNOR
Science Correspondent

Fundamental insights into how genes control the growth of an embryo yesterday received the greatest accolade in science – a Nobel prize.

Three scientists who pioneered research into the genetics of embryo development in fruit flies – thereby shedding light on spontaneous abortions and congenital defects in humans – were awarded the Nobel Prize in Physiology or Medicine. Edward Lewis, 77, from the California Institute of Technology; Christiane Nüsslein-Volhard, 52, from the Max Planck Institute for Developmental Biology in Tübingen, Germany; and Eric F. Wieschaus, 48, of Princeton University in the United States, share the £1m prize.

The Nobel Assembly at the Karolinska Institute in Stockholm said the three had discovered "important genetic mechanisms" controlling em-

bryo development in the fruit fly's body segments that also apply to higher organisms, including man.

"Using *Drosophila* [the fruit fly] Nüsslein-Volhard and Wieschaus were able to identify and classify a small number of genes that are of key importance in determining the body plan and the formation of body segments. Lewis investigated how genes could control the further development of individual body segments in specialised organs. He found that the genes were arranged in the same order on the chromosomes as the body segments they controlled."

How an embryo with millions of cells and an array of specialised tissues and organs develops from a single fertilised egg is one of the greatest mysteries in biology.

"Together these three scientists have achieved a breakthrough that will help explain congenital malformations in man," the Nobel Assembly said.

Nüsslein-Volhard and Wies-

chaus did their pioneering work while young researchers at the European Molecular Biology Laboratory in Heidelberg.

They developed a systematic method of seeing how different mutations caused corresponding abnormalities in embryo development. "It was a brave decision by two young scientists at the beginning of their scientific careers. Nobody had done anything similar and the chances of success were very uncertain."

Eventually they identified 15 different genes which if mutated would cause defects in the development of the embryo. They established that genes controlling development could be systematically identified.

Lewis discovered that the order of genes along a chromosome corresponds to the developmental sequence along the segmented body of the fruit fly – a crucial finding that has since been shown to be mirrored in humans.

News analysis, page 17

Psychotic sex killer sent to Broadmoor



Samantha Bisset and her daughter Jasmine (left), who were killed by Robert Napper (above left), who was sent to Broadmoor indefinitely yesterday

A serial sex attacker who admitted stabbing to death and mutilating a woman and then suffocating her four-year-old daughter was sent to Broadmoor high-security hospital for an indefinite period yesterday after doctors told the court he was "highly dangerous and posed a grave and immediate risk to the public".

Robert Napper, 29, had pleaded not guilty to the murders of Samantha Bisset, 28, and her daughter Jasmine in November 1993, but guilty to their manslaughter on grounds of diminished responsibility. Napper also admitted a rape and two attempted rapes in the previous year in south-east London. His pleas were accepted by Mr Justice Hooper at the Old Bailey.

Detectors have examined possible links between the Napper case and the murder of Rachel Nickell on Wimbledon Common, south-west London. In a statement Scotland Yard said: "We retain an open mind whether the cases are linked."

The court was told by Nigel Sweeney, for the prosecution, that when Napper got into the Bissets' one-bedroom basement flat in Plumstead, south-east London, he first killed Samantha in the hallway by stabbing her eight times in the neck. Then he sexually assaulted and suffocated Jasmine in her bed. The warehouseman dragged Samantha into the living room where he mutilated her body, Mr Sweeney said.

Miss Bisset's body was found by her boyfriend, Conrad Eilam, as he called on a routine visit to the flat the following morning, the court was told. Two large-scale police operations were

launched which eventually resulted in Napper's arrest, Mr Sweeney said.

On 10 March the previous year, Napper – armed with a lock knife – attempted to rape a young woman in Hilber Green as she walked through an alley. When she resisted, he became angry and beat her up before escaping. Eight days later, he again stalked a woman near fields in Eltham and attacked her at knifepoint. Both women later identified Napper at identity parades. He was also identified by scientific tests on his semen, the court was told. Two months later, Mr Sweeney said, he stalked a woman as she pushed her two-year-old daughter in a buggy and raped her.

Napper first appeared at the Old Bailey last week to stand trial after denying the double murder. But the judge was concerned about his fitness to plead. "There were five psychiatrists who had reached the conclusion he was suffering from schizophrenia or something similar. But this defendant did not accept he was suffering from a mental illness," the judge said yesterday.

The judge had ordered an investigation into whether a jury should be asked to decide whether Napper was mentally fit to stand trial. He was told yesterday that all the psychiatrists concerned had agreed that a plea of diminished responsibility was acceptable.

The judge said that to send Napper to hospital without limit of time would enable "this grossly psychotic and ill man to be treated in a condition of maximum security for as long as was deemed necessary".

Physiotherapy 'not a proven treatment'

LIZ HUNT
Health Editor

There is no proof that physiotherapy, one of the most widely prescribed treatments in the health service, actually works.

A Consumers' Association report says there is growing pressure on the 16,000 NHS physiotherapists to evaluate their work in line with demands that only treatments with proven efficacy should be part of a modern health service.

Physiotherapy is increasingly popular for treating everything from terminal diseases, such as motor neurone disease, to minor sports injuries. However, testing their various treatments is difficult and

previous research has been criticised for failing to eliminate factors which could influence the outcome, such as the expectations patients and practitioners have of the treatment.

In today's issue of *Which?* *Way to Health*, the Association also criticises some physiotherapists for including complementary therapies as part of their treatment without additional training or qualifications.

A spokesman for the Chartered Society of Physiotherapists said the Society was conscious of the need to show how and why treatments worked. "There are lots of things in healthcare which can't be proven. But we are encouraging members to get involved in research," he said.

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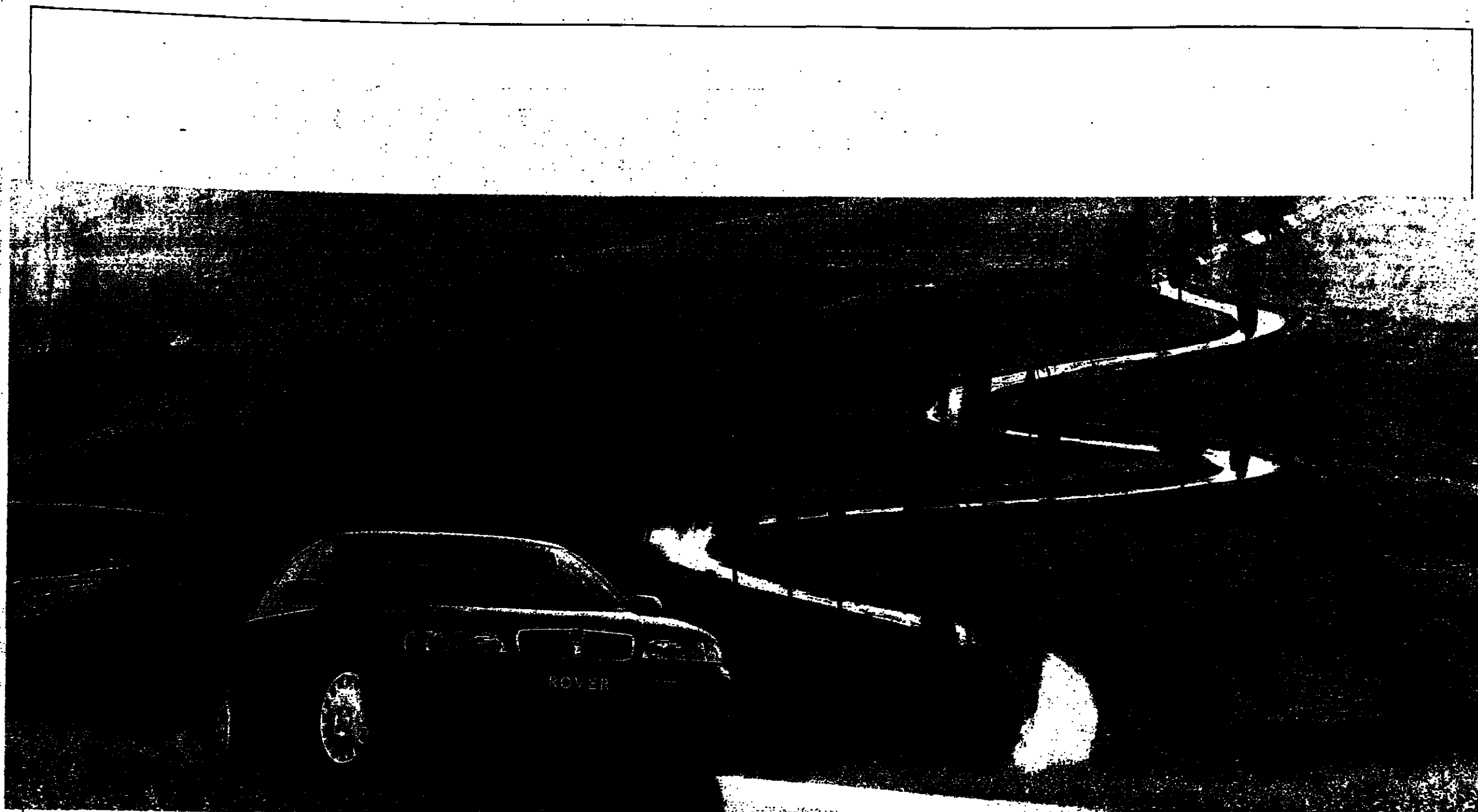
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obituary

Lord Home of the Hirsel

"It" was Rudyard Kipling's most popular poem; and he came to hate it because of its popularity. It was Harold Wilson's favourite poem; and Wilson never tired of quoting it. Two lines of the poem (which famously concludes, "Yours is the Earth and everything that's in it, / And which is more - you'll be a Man, my son!") seem to me particularly to apply to Alec Douglas-Home, 14th Earl of Home, briefly - from 1963 to 1964 - Prime Minister and subsequently, as a life peer, Lord Home of the Hirsel. Before his return to the House of Commons (on his appointment as Prime Minister) Home had held various government offices but, most notably, he was Foreign Secretary from 1960 to 1963 and, again, from 1970 to 1974.

The Kipling lines preceding the conclusion of the poem, which fit exactly Home's character, are:

If you can meet with Triumph and Disaster
And treat those two impostors just
the same.

Alec Home was certainly, in Kipling's meaning, a Man; and he met Triumph and Disaster with an unruffled serenity which was the essence of his nature.

Perhaps the most characteristic event in Home's life came in August 1965. As is now held by all reputable historians, he had become Prime Minister in October 1963 as a result of a brazen piece of trickery (in which Home himself had no part) by his predecessor, Harold Macmillan. (Macmillan was determined, above all else, to deny the succession to R.A. Butler.) The methods employed to outmanoeuvre Butler were such as to give an impetus to moves within the Conservative Party (moves inspired by Humphrey Berkeley) to have future leaders chosen by ballot among Tory MPs.

After his narrow defeat by Labour in the general election of 1964, Home set in motion the process by which a system of election would be established. Partly because his national electoral defeat had been so narrow, and partly because of his unforced good nature, Home would have been a certain winner in the party poll of August 1965. To much amazement, he declined to stand, Berkeley being one among the many who urged him to be a candidate. "If they want me," he said, "I will serve. But I won't go begging for it." Thereafter he loyally and effectively served Edward Heath as shadow Foreign Secretary and Foreign Secretary.

Home was born in 1903 into a wealthy landed family, possessed of two great Scottish estates, in Berwickshire and Lanarkshire. As with many aristocratic families - particularly the Border families - the wealth and respectability of the Homes was founded on a somewhat murky (if distant) historical background: family tradition has it that the distinctive pronunciation of the name - "Hume" - came about because the first Earl of Home, in the course of a cattle-rustling raid into England, was ambushed by indignant cattle owners. Striving to rally his troops, the earl roared, "Home, Home", so his men decamped. The pronunciation was changed that night.

Of the four sons of the 13th earl, Alec was the only one to manifest, early in his life, an interest in politics. (His father had none.) William became a playwright, noted for his light comedies, and Henry (father of the late Charles, editor of the *Times*) a reclusive ornithologist. "I think it began," he once told me, "because as a boy I was fascinated by history. But it only really developed when I married Elizabeth." This was in 1936.

Elizabeth was the daughter of the formidable historian C.A. Alington, Home's headmaster at Eton and, at the time of the marriage, Dean of Durham. However, when he married, Home had been MP for Lanark for five years. His campaigns in one of the toughest of the Scottish seats showed a capacity for taking political flak (he once had to escape potentially violent hecklers by climbing through a rear window and dropping from the first floor to the ground) which, in due course, was to surprise those who fell for Harold Wilson's description of him as effete. He suffered, too, in gaining international sporting distinction, twice having thumb broken when playing international cricket for MCC. (He was the only prime minister who ever played the game at that level; and his only prime



Servant of the nation: Home as Prime Minister, in Scotland, 1963

Photographs: Hulton Deutsch

ministerial sporting rival was Edward Heath, when he skippered *Morning Cloud* to victory in the Sydney-Hobart yacht race in 1969.)

From very early on Home was a reclusive child of the countryside. His father began to teach him to shoot and fish at the age of six, and these two sports absorbed him for the rest of his life. (He never learnt to ride properly, as he was afflicted with a weak back.) To the despair of his mother, he was intensely shy outside the family circle. He hated the company of other children. "My mother," he told me, "was constantly having children's parties, or packing me off to parties at other houses. I found it positively mortifying. I just wanted to spend my time with a book, or out with William and Henry and a rod or a gun."

Eton and Christ Church, Oxford, however, brought out the inherent geniality of Home's temperament. He was never distinguished as a scholar, and left university with a third-class degree of which he said, later in life, rather ruefully, "I'm afraid I spent rather too much time at the wicket." None the less, the vision of an outer world to which Oxford introduced this scion of a somewhat obscure landed family served the Conservative candidate in Lanark in 1931 well. Home brought a larger understanding than was common among Tory candidates in the Scotland of that time to the grim, and sometimes desperate, affairs of a depressed local economy.

His historical reading had brought him to a deep, and later profound, interest in international relations, which was wonderfully expressed in his *Letters to a Grandson* (1983). Home could absorb the most complex of political information and, for a speech, distill it with simple lucidity. He was never a great orator - his voice was too light, for one thing - but to the end of his life he had a directness of utterance which had great appeal. Thus, for example, when he was Foreign Secretary in the government headed by Harold Macmillan, he addressed himself to the refusal of the Soviet Union to pay her dues to the United Nations. Mindful of the fact that a speech in Preston would be closely scrutinised in the United States, he took the central slogan of the 18th-century American revolutionaries - "No taxation without representation" - and inverted it. So far as the Soviet Union was concerned, he said that there should be "no representation without taxation". Shortly thereafter the Russians paid up.

Until 1935 Home's understanding of foreign policy was derived entirely from his reading of history. In that year, however, the Prime Minister, Neville Chamberlain, appointed Home his Parliamentary Pri-

vate Secretary, an unpaid dog's body's job which, none the less, gave Home a priceless opportunity to see at close hand the inner workings of the most momentous period of international relations in the 20th century.

To the end of his days Home maintained that the Munich Agreement of 1938 (he accompanied Chamberlain to his meeting with Hitler in that city) was justified, on the grounds that it gave the United Kingdom time to re-arm. Some historians doubt that any serious effort at rearmament was undertaken. But the record shows that Home, unlike Chamberlain, had no doubts about the malignity of Hitler. Already a major in the Lanarkshire Yeomanry, he intended to serve in the forthcoming war.



Home in 1939: PPS to the Prime Minister, Neville Chamberlain

Misfortune then struck. His back had been giving him increasing trouble. He was diagnosed tubercular and, in accord with the medical wisdom of the day, Home was taken away from both work and pleasures. Because of agreement between the parties which formed the coalition government in May 1940 he remained MP for Lanark. By the terms of that agreement the life of Parliament was prolonged for the duration of the war and, in the event of the death of a sitting member, his party would have a free run in a by-election. There was nothing, therefore, to be done in Lanark.

Left without politics, unable to fight, shoot or fish, Home could only lie, or sit, and read. He adopted a reading habit which he kept up until old age: three books were always on the go - a straight novel, a detective story and a work of history, for preference political biography. He also acquired a hobby judged a trifle bizarre by his friends. He learnt the theory and practice of flower-arranging. Almost to the end of his life he did all the flower-arranging at the Hirsel, the family seat in Berwickshire, "because I was best at it, and if I didn't do it nobody else would anyway". His naturally sunny temperament sustained him during the war years, but another misfortune awaited him: in the general election of 1945 he lost Lanark.

Home returned to the Commons when the Tories won the 1951 general election and was made Minister of State at the

Scottish Office, where he served for nearly four years, concerning himself mainly with the problems of Scottish agriculture, on which subject he was, of course, already an expert. For most of that time he was in the Lords (he had succeeded as 14th Earl of Home on his father's death in July 1951). In 1955 he became Secretary of State for Commonwealth Relations and in 1957 he added to this post that of Lord President of the Council, with a brief to oversee the merger of the Commonwealth and Foreign Offices. But there was considerable astonishment when Harold Macmillan made him Foreign Secretary in 1960. In opposition ranks there was outrage. The Labour Party believed that the Foreign Secretary, like the Chancellor of the Exchequer, should always sit in the Com-

mons. They were also convinced that Home would be merely a mouthpiece for the Prime Minister.

But, whereas it is the law that the Chancellor should always be in the lower house (because it has sole control over money bills), the position over the Foreign Secretary was merely a convention. (There would be no bar to a prime minister sitting in the upper house, but it would, of course, be impractical, as Home decided in 1963.) And Labour was soon disabused of the notion that Home would be other than his own man. His knowledge of foreign policy was profound. His utterance was trenchant.

Home and Macmillan were in general agreement on policy, but there were differences of emphasis between them. Home was far less staid-eyed than Macmillan about joining the Common Market. He was content to leave the detailed negotiations to the Lord Privy Seal, Edward Heath. But he kept a sharp eye on progress, argued powerfully in Cabinet against giving too much away and, with a prescience that was beyond Heath and Macmillan, warned his colleagues that President de Gaulle would veto British entry.

De Gaulle's veto was one of many blows struck against the faltering Macmillan government. The economy was in serious difficulty. A series of scandals, mainly connected with Soviet espionage - the Vassall affair, the defection to the Soviet Union of Donald Maclean and Guy Burgess - was followed by the news that John Profumo, the Secretary of State for War, was associated with a prostitute, Christine Keeler, who was friendly with an attaché at the Soviet embassy, and had lied to the House of Commons about the affair. Macmillan was both disillusioned and weary. He developed a prostate problem, and, in October 1963, decided to resign. He was determined above all else that R.A. Butler, the obvious candidate, should not succeed him and, there being no system of election for Conservative leaders, was able, by a series of unscrupulous manoeuvres, to procure the succession for Home. (Home played no part in the Macmillan plot - at one time he tried to withdraw from the contest.)

The new prime minister faced formidable problems, not least of which was the refusal of Iain Macleod and Enoch Powell to serve him in Cabinet, both men having been Butler partisans. He had no experience of economic policy. He had little time - a general election had to be held at the latest within a year. He had to find a seat in the House of Commons (recent legislation had enabled him to disclaim his title). And, finally, he was faced by Harold Wilson, the most brilliant Labour leader of modern times.

Having won a by-election, Home faced the most difficult year of his life. Labour possessed a commanding lead in the opinion polls, and Wilson regularly wrong-footed him in the House. But Home's shining integrity, his essential decency, and his command of foreign policy at a tricky time in international relations all got through to the electorate. He lost the general election of 1964, but only just. Labour having a majority of only three. "It was not remarkable that Alec lost," observed a colleague. "It was a miracle that he so nearly won."

Largely because of disgust with Macmillan's scheming, the Conservatives decided in future to elect their leaders. In the first contest, in 1965, Home having declined to stand, Edward Heath became leader. Home served him loyally and, after the Tory victory of 1970, served again as Foreign Secretary, signalling his forceful return to the job he loved by expelling 115 Soviet diplomats who, he believed, were spies. The autumn of his executive career demonstrated his continued grasp of policy, and his decisiveness, though the most important matter of foreign policy, joining the EEC, was kept in the hands of the Prime Minister, who took British membership of the Community as his principal cause in politics.

After the unexpected Conservative defeat in the general election of February 1974 Home announced his retirement. It was to be an active retirement. He made many speeches in the House of Lords (where he had returned as a life

baron) and even during recesses worked two hours a day on official papers. Although he handed the administration of his estates over to one of his daughters he exercised a general supervision of his land. He fished, accompanied by a black Labrador, and looked after the two and a half acres of beautiful garden at the Hirsel. "The back's troublesome," he told me in 1989, "so I do the gardening lying flat." I asked how this was possible. He rose and lay flat on his back on the carpet and mimed how he went about the job. "There are advantages," he said. "One can see the roots."

Home was a wonderful companion. The warmth of his personality and the readiness of his wit captivated all who knew him. In defence of his country's interests, however, he was a man of steel, and his profound knowledge of the history and practice of foreign policy was invaluable to Britain in dangerous times. Yet he could have given himself an easier life on his estates. Especially after 1974, nobody could have gainsaid him if he had retreated to the Hirsel. But he continued to labour in the public service. He was a great servant of the nation.

Patrick Cosgrave

Alexander Frederick Douglas-Home, politician: born Coldstream, Berwickshire 2 July 1903; styled Lord Dunglass 1918-51; MP (Unionist) for South Lanark 1931-45; PPS to the Minister of Labour 1935-36, to the Chancellor of the Exchequer 1936-37, to the Prime Minister 1937-40; Joint Parliamentary Under-Secretary, Foreign Office 1945; MP (Conservative) for Lanark 1950-51; succeeded 1951 as 14th Earl of Home (disclaimed his hereditary peerages for life 1963); PC 1951; Minister of State, Scottish Office 1951-53; Secretary of State for Commonwealth Relations 1955-60; Deputy Leader, House of Lords 1956-57; Leader, House of Lords and Lord President of the Council 1957-60; Secretary of State for Foreign Affairs 1960-63; KT 1962; MP (Unionist) for Kinross and West Perthshire 1963-74; Prime Minister and First Lord of the Treasury 1963-64; Leader of the Opposition 1964-65; Secretary of State for Foreign and Commonwealth Affairs 1970-74; created 1974 Baron Home of the Hirsel; married 1936 Elizabeth Alington (died 1990; one son, three daughters); died Coldstream 9 October 1995.

The real-life Duke of Omnium in Trollope: honourable, decent, straightforward

Only one Conservative prime minister has had a shorter tenure than Alec Home. This was Bonar Law (1922-23) who resigned because of ill-health in May 1923 and died a few months later. Maynard Keynes, who knew him well, wrote words which could be applied to Alec Home too.

The public, he said, have regarded Bonar Law as "a great public servant whose life of austerity and duty has served them rather than himself". And he went on: "Many politicians are too much enthralled by the crash and glitter of the struggle, their hearts obviously warmed by the swell and pomp of authority. We have preferred to be governed by the sad smile of one who adopts towards the greatest office in the state the attitude that whilst of course it is no great thing to covet, and who feels in office and not merely afterwards the vanity of things."

Alec Home's smile was never sad, but otherwise the description fits. He was certainly not an addict of "the crash and glitter". He was naturally pleased to be Prime Minister. "Only a fool," he wrote, "would deny a feeling of gratification at occupying the honourable place of First Minister of the Crown."

It does not follow that the pleasure continued throughout his year in office. "If I have a regret," he wrote, "it is that, by reason of the fact that I never dreamed of holding the position, I had taken no particular steps to prepare myself for it. Had I done so I would have soaked myself more thoroughly in domestic issues rather than specialising so completely in foreign affairs."

There have been highly successful prime ministers who specialised in foreign policy. Palmerston and Salisbury are obvious examples. But they lived in an era when the national economy was regarded rather as the weather is today - something outside the scope of politics or ministerial responsibility. Anthony Eden was the first ex-foreign secretary to occupy Number 10 since the Second World War - indeed, the first since Lord Salisbury, and he was never at ease in dealing with domestic affairs. Yet during this

century, with rare exceptions, it has been the home front where elections have been won or lost.

Home also suffered from the extraordinary concentration of circumstances which made his elevation possible at all: the Peerage Renunciation Act; the timing of Harold Macmillan's resignation (as it turned out) resignation; Macmillan's determination to dish Rab Butler the "Magic Circle"; the questionable methods used to ensure the Queen that Home was the man the party wanted. If one adds to these the "grouse-moor image", the 14th earldom and a singular lack of telegraphic appeal, it is easy to understand the problems of a premiership which was largely an election campaign. Home was no good at the "soundbite", though by saying that he presumed Harold Wilson was the 14th Mr Wilson he did manage to put a stopper on one particularly silly form of electioneering - inverted snobbery.

Given all these handicaps, the surprise was not that he lost the election of 1964 but that he very nearly won it, reducing a Labour lead of some 12 percentage points to only 0.7. But loss is loss, however narrow the margin. There was the inevitable backlash. He was right to resign after making arrangements for an electoral system to choose the successor; though it will long be argued whether the system was a good one.

Alec Home was a very distinguished Foreign Secretary, but he was not a great Prime Minister. If one seeks an analogy it should perhaps not be found in the history books but in fiction. Alec Home was the real-life Duke of Omnium in Trollope's *The Prime Minister*, honourable, decent, straightforward. When the Duke resigned and was asked to join the Cabinet of his successor he at first said that Caesar could not serve under Pompey but after an interval changed his mind.

Alec Home did not hesitate to serve under Heath, and his second spell at the Foreign Office was perhaps the highlight in the career of one generally acclaimed as the nicest man in politics during the 20th century.

Robert Blake

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Effective from 10 October 1995

AMOUNT INVESTED	INTEREST PAID	GROSS %	NET %	AMOUNT INVESTED	INTEREST PAID	GROSS %	NET %
including accounts formerly known as London Share				including accounts formerly known as Maxi-TESSA and TESSA Deposit			
\$100,000 or more	Annually	6.00	4.50	Maximum permitted under TESSA rules	Annually	6.75% Tax-free	
\$25,000-\$99,999	Annually	5.85	4.39	\$1,000 or more	Annually	5.25% Tax-free	
\$10,000-\$24,999	Annually	5.70	4.27	including accounts formerly known as Gold Deposit			
\$2,500-\$9,999	Annually	5.50	4.12	\$25,000 or more	Annually	4.00	3.00
\$100,000 or more	Monthly	5.84**	4.38	\$10,000-\$24,999	Annually	3.45	2.59
\$25,000-\$99,999	Monthly	5.70**	4.27	\$1,000-\$9,999	Annually	2.45	1.84
\$10,000-\$24,999	Monthly	5.56**	4.17	\$25,000 or more	Monthly	3.93**	2.95
\$2,500-\$9,999	Monthly	5.37**	4.02	\$10,000-\$24,999	Monthly	3.40**	2.55
				\$25,000-\$99,999	Monthly	2.42**	1.82

Accounts no longer available to new investors				Accounts no longer available to new investors			
\$100,000 or more	Annually	6.30	4.57	\$100,000 or more	Annually	6.30	4.57
\$25,000-\$99,999	Annually	5.75	4.31	\$25,000-\$99,999	Annually	5.75	4.31
\$10,000-\$24,999	Annually	5.35	4.16	\$10,000-\$24,999	Annually	5.35	4.16
\$2,500-\$9,999	Annually	5.34**	4.05	\$2,500-\$9,999	Annually	5.34**	4.05
\$100,000 or more	Monthly	5.80**	4.30	\$100,000 or more	Monthly	5.80**	4.30
\$25,000-\$99,999	Monthly	5.41**	4.06	\$25,000-\$99,999	Monthly	5.41**	4.06
\$10,000-\$24,999	Monthly	5.40	4.05	\$10,000-\$24,999	Monthly	5.40	4.05
\$2,500-\$9,999	Monthly	5.30	4.02	\$2,500-\$9,999	Monthly	5.30	4.02
\$100,000 or more	Annually	6.60	4.95	\$100,000 or more	Annually	6.60	4.95
\$25,000-\$99,999	Annually	6.10	4.57	\$25,000-\$99,999	Annually	6.10	4.57
\$10,000-\$24,999	Annually	5.75	4.31	\$10,000-\$24,999	Annually	5.75	4.31
\$2,500-\$9,999	Annually	5.35	4.16	\$2,500-\$9,999	Annually	5.35	4.16
\$100,000 or more	Monthly	6.41**	4.81	\$100,000 or more	Monthly	6.41**	4.81
\$25,000-\$99,999	Monthly	5.94**	4.45	\$25,000-\$99,999	Monthly	5.94**	4.45
\$10,000-\$24,999	Monthly	5.60**	4.20	\$10,000-\$24,999	Monthly	5.60**	4.20
\$2,500-\$9,999	Monthly	5.41**	4.06	\$2,500-\$9,999	Monthly	5.41**	4.06

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If Alec Home had any enemies, they would be extremely hard to find, writes Viscount Whitelaw. He had a quality of always appearing just the same: simple, straightforward, totally honest, and behind it all, full of good fun. He was able to enjoy success and happiness while bearing rebuff and sadness with amazing fortitude.

Home's good understanding and calmness very nearly gave the Conservative Party

an amazing victory in the 1964 election, and they were defeated only narrowly. His course in defeat again proved all his best qualities. There were those in the party who believed that a new leadership was necessary, and strong pressure was applied against him. Many MPs did not wish him to go, and this was a tense time. At one

moment, with a difficult meeting in prospect, he said: "Do not worry, all will be well." Thanks to him, it was. His dignity and good-humour at a time of disappointment were remarkable. The same qualities ensured his happiness in his home life. He had a perfect marriage with Elizabeth for 54 years, with a family of three daughters and

a son, numerous grandchildren and even great-grandchildren. He might have been shattered by the death of Elizabeth, in 1990, but again his character showed through; he managed to appear always just himself. Alec Home loved the countryside, his garden and all flowers. He was also most knowledgeable about birds. He was a

great sportsman: a first-class shot and fisherman. He knew much about racing and discussed nearly every day on the telephone the form of the horses with his late brother William, the playwright. Those who knew him will remember him at home, reading his cabinet papers or preparing a speech, with grandchildren playing all around him, or striding across the moor, outstripping people many years his junior.



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Pay revolt: Union action will cripple the country and intensify pressure on a beleaguered government's economic strategy

France faces paralysis by public sector strikes

STEPHEN JESSEL
Paris

Much of France will be paralysed today by a 24-hour strike called by seven unions representing five million civil servants, local authority employees, hospital staff and other public sector workers in protest against government plans to freeze their wages.

The industrial action is expected to be on a scale not seen since similar protests nine years ago, and represents the most serious challenge yet to the government of Alain Juppé, already buffeted by attacks on the franc and damaging revelations about his housing arrangements.

A degree of calm returned to the foreign exchange markets yesterday after the Bank of France raised its 24-hour interest rate from 6.15 per cent to

7.25 per cent. After an anxious morning the franc steadied against the German mark. But today's strike, and new evidence relating to Mr Juppé's role in the allotment to him of a luxury apartment owned by the city of Paris, left the markets wary of his future and that of the strong franc policy. "The franc is in no man's land," said Kit Juckes, currency strategist at NatWest Markets in London. "I don't think it will hold the line," said Paul Mortimer-Lee, chief economist at Paribas Capital Markets.

Schools, colleges and public transport are expected to be hit hardest by today's strike, originally called by *fonctionnaires* employed by the state, local authorities and hospitals after Mr Juppé told them they would receive no pay rise in 1996.

Other public sector workers – including railway and Paris

public transport staff – decided to join, expecting that the government planned the same thing for them. They also want to display their muscle to the new government, appointed in May, in advance of negotiations over the future of the social security system.

Rail travellers were hit as the strike took effect last night. Only about a quarter of main-line trains were expected to run today. It was hoped that seven Eurostar trains would run from Paris to London and six in the other direction. Few, if any, underground trains will run in the Paris area, and bus services will be severely curtailed.

There will be few postal deliveries, though post offices should open. Hospitals will maintain emergency services, but they will be badly disrupted. Most government offices and town halls will be closed.

Teachers will be on strike, though some schools will open to supervise pupils who would otherwise be left alone at home. Marches are planned in Paris and several big cities.

Mr Juppé's announcement at the weekend that he is giving up the lease on his flat – the centre of controversy since it emerged that it was let to him at an artificially low rent while he occupied a senior post at the Paris city hall – has failed to silence his critics.

Yesterday *Le Monde* produced a further document challenging the claim that Mr Juppé had not abused his position to award himself the flat. It appeared to show that he did indeed have responsibility for the city's stock of flats at the relevant time, and may have benefited personally from his official position.

Respite for franc, page 23



Royal visit: President Jacques Chirac with King Juan Carlos in Madrid before talks with the Spanish government

'Hot Autumn' tests Juppé's will to fight

TONY BARBER
Europe Editor

Today's one-day strike by public employees in France may have momentous consequences for French foreign and economic policy. If the embattled Prime Minister, Alain Juppé, fails to beat off the growing challenge from the public sector unions, international markets may judge that his government lacks the determination for the stringent economic policies needed to ensure that France qualifies for a single European currency in 1999.

That in turn could delay or even bury monetary union, a project on which the bulk of the French political elite has set its heart, especially since Germany's unification in 1990. "It is now crucial that the government faces down the unions in what is increasingly looking like a 'hot autumn' on the industrial relations front. We are somewhat sceptical about the government's stomach for a fight," said David McWilliams, an analyst at UBS Global Research in London. The franc and the French stock market have fallen since Mr Juppé forced the tough-talking Finance Minister, Alain Madelin, to resign in August after he urged cuts in civil service jobs.

Other experts warn that France's political establishment views European monetary union as so vital to the national interest that the government is unlikely to cave in to the unions. They believe the government will make every effort to meet the Maastricht treaty targets for joining a single currency, even at the cost of an unemployment rate around the present level of 11.5 per cent.

The strikers want the government to reverse a public sector pay freeze announced for next year. The freeze is part of an economic programme designed to reduce France's budget deficit from 5 per cent of gross domestic product to the 3 per cent needed to meet the

Maastricht targets. Government officials say some employees will get a pay rise next year because of wage accords in the pipeline. But in a sign that public opinion is not solidly behind Mr Juppé, a survey published in *Le Figaro* suggested that 47 per cent of French people approved of the strike. Only 48 per cent disapproved.

Union leaders say the public appreciates their argument that they are being made scapegoats for France's economic problems. The Civil Service Minister, Jean Puech, responds that the government cannot afford extra pay rises in 1996, but is willing to negotiate increases in a deal covering the next two or three years.

From the government's viewpoint, today's strike may be a harbinger of worse to come. Union leaders have warned that they will not tamely accept Mr Juppé's plan for the complete elimination in two years of the state's Fr68bn (£8.6bn) welfare system deficit. The Prime Minister has not yet explained how he proposes to wipe out the deficit, another factor prompting market scepticism about the government's policies. Mr Juppé is struggling to hold this year's overall deficit to Fr320bn (£40bn) and cut the 1996 shortfall to Fr290bn (£37.6bn).

A study released yesterday said that Mr Juppé's budget, which raises tax revenue but allows a 1.8 per cent increase in spending, was not likely to bring the deficit as a proportion of GDP down to 4 per cent next year, as the government projected. The figure is likely to be about 4.5 per cent, according to the French Observatory of Economic Performance, though it said unemployment was expected to continue its fall.

The Organisation for Economic Co-operation and Development says state workers in France made up 25 per cent of the workforce in 1993, compared with 14.5 per cent in the United States.

French state sector workers	
1,000,000	
800,000	
600,000	
400,000	
200,000	
100,000	
0	
Public sector	2,000,000
Private sector	5,000,000

Ministers swap desks to man the newsroom

Paris (Reuters) — The French financial daily *Les Echos* ditched its usual staff for yesterday's edition to take on a group of novice reporters, including cabinet ministers and the governor of the central bank.

Instead of making the headlines, prominent French personalities wrote them to mark the 50th anniversary of the founding of the elite *Ecole Nationale d'Administration* post-graduate school for civil servants.

Sixty-four ENA graduates took part. Yet, although well-informed, the new reporters seemed to come up with fewer scoops than a normal edition of *Les Echos*.

The Foreign Minister, Herve de Charette, wrote an article entitled "Exports represent a real mine for jobs," while the Justice

Minister, Jacques Toubon, wrote about reforms to French subsidised housing.

One of the more thoughtful articles was a review by the Bank of France governor, Jean-Claude Trichet, of John Kenneth Galbraith's book *A Journey through Economic Time*. Mr Trichet praised him as "a master of the art of communication".

The leftist daily *Liberation* had a more irreverent tribute, publishing what it joked were questions at a typical ENA oral exam, where a self-confidence is as highly prized as knowledge.

To the question "What was South Korea's steel production in 1992?" it reckoned that a bluff from someone who did not know like "Yes, of course, Fiat or rolled steel?" would win as many points as the right answer.



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10/10/95

War's high tide on eve of peace

EMMA DAILY
Sarajevo

The poisonous tide of Bosnia's war reached a high yesterday in advance of a ceasefire due to take effect one minute after midnight last night, with the death of a peace-keeper from Serb artillery, the subsequent despatch of Nato jets to strike at the smoking gun, heavy fighting along front lines and the "ethnic cleansing" of 3,500 Muslims from Serb-held towns.

A Norwegian UN soldier who was hit by shrapnel at the Tuzla air base yesterday afternoon died on the operating table, a UN spokesman said. The base had been shelled sporadically all day, and it was unclear why the soldier was not in a bomb shelter.

Two jets, believed to be US F-16s, dropped at least two laser-guided bombs on a Bosnian Serb military command and control bunker near Tuzla at the UN's request, a Nato spokesman said. Although the pilots could not identify the off-fering heavy guns threatening peace-keepers, the UN considered the bunker to be linked to the artillery fire. Bomb-damage assessments were under way, and the two planes returned to base safely.

More than a dozen civilians were killed and almost 100 wounded in Serb attacks in the Tuzla area on Sunday, and artillery exchanges continued across the line east of the town yesterday, Lieutenant-Colonel Chris Vernon, a UN spokesman, said. The air raids came not as punishment but as protection for peace-keepers.

Fierce fighting continued in north-western Bosnia, where sources said Muslim troops had taken Sanski Most, a town resonant with horror as one of the worst sites for murder, torture and ethnic cleansing.

UN refugee officials report-



No let-up: Bosnian Serb gunners continue to fire during fighting with Muslim and Croat forces in western Bosnia

Photograph: Reuters

ed that 3,500 Muslims had been expelled, in ghastly conditions, from the area while the Serbs were in control. Most were women, children and elderly people who had been separated from men of military age. Kris Janowski of the UN High Commissioner for Refugees, denouncing the "extremely brutal expulsions", said another 600 people from Sanski Most were expected to reach central Bosnia yesterday.

"They were expelled in an appalling way," Mr Janowski said.

They were forced to wade through a river and some people drowned. Others died of exhaustion. Men of military age had been taken away to camps, according to refugees, and around 100 killed by paramilitaries who also terrified local Serbs into ostracising the Muslims they had earlier tolerated.

Military successes around Sanski Most, gateway to Prijedor, whose loss would be devastating to the Serbs, may encourage the Bosnian government to try and postpone the

ceasefire. It condemned the fatal shelling of a refugee centre near Tuzla on Sunday, but said it should not affect the planned truce. "This is an act of pure terrorism, which proves what the Serbs really are, but this will not influence the ceasefire because conditions for its implementation are set," President Alija Izetbegovic said.

However, the truce was only to come into effect at 12.01am if electricity and gas supplies, cut off in late spring, had been restored to Sarajevo. Bosnian

and Serb officials were to meet at Sarajevo airport last night to assess progress. Peace-keepers and technicians worked frantically to repair the power lines, but gas engineers stood idle at two plants close to the city, awaiting a green light from the Russian company that supplies Bosnia. The Russians have refused to restore the flow, via Hungary, because they are owed more than \$100m in unpaid bills for gas used in Sarajevo and diverted by the Serbs away from the city. Bosnian of-

ficials flew to Moscow yesterday for talks on the issue.

Once the tap is turned in Hungary, gas should reach the suburbs in about 12 hours, according to Tony James of the British Overseas Development Administration, which is running the gas system.

The ODA engineers have refurbished a second pipeline, unused since 1992, and upgraded more than 5,000 dangerous and illegal gas connections to houses in Sarajevo.

Brussels to get tough with Paris over N-tests

SARAH HELM
Paris

In response to a wave of public pressure, the European Commission is expected to take legal steps tomorrow that could halt French nuclear tests in the South Pacific.

Using its powers under the Euratom Treaty, the Commission is expected to send a letter to the French government demanding access to all safety information relating to geological damage and radioactivity. According to a text being discussed in Brussels, the letter will instruct France to hand over the information within five days "and in any case before any further tests in the current series are carried out".

Although two tests have been carried out, the Commission has until now declined to invoke European law, which gives it the power to assess health and safety measures before any "particularly dangerous experiment" is carried out by a member state.

Jacques Santer, the Commission President, has been reluctant to provoke a clash with France, in view of the potential political backlash for the EU. The Commission's nuclear experts advised Mr Santer to send a verification team to inspect safety measures as long ago as July, but none was sent until after the first test.

French lobbying against intervention by the Commission has been intense. Last week it was revealed in a secret diplomatic memorandum that France was confident it had an understanding with Mr Santer that the Commission would not take action.

However, several factors have brought about a tougher Commission stance. There has been mounting public criticism, reflected in an increasingly belligerent attitude from the European Parliament, which debates the issue tomorrow. The parliament has warned that it might take the Commission to the European Court of Justice for failing in its duty as a "guardian of the treaty".

The Commission initiative

has also been provoked by anger at France's failure to hand over sufficient information on safety measures in the South Pacific.

That has intensified in recent days, since Commission officials who visited the region were refused access to the test sites. Nuclear experts working in Brussels have raised serious concerns about potential danger from the tests, warning that cracks in the rock strata could allow leaks of radiation.

The Commission hopes that the letter to Paris will bring about a political compromise. However, if enough safety information is not provided or it does not prove satisfactory, the issue could be taken to the European Court of Justice.



Jacques Santer: Reluctant to provoke a clash

The EU's Euratom Treaty provides the only legal avenue for a challenge to the nuclear testing. Previous tests carried out during the Cold War provoked less concern from the anti-nuclear lobby, and the treaty has rarely been invoked. With the end of the Cold War, however, Greenpeace, supported by many member states, has raised the issue.

The powers of the Commission come under Chapter Three of the treaty, which gives Brussels responsibility for protecting the health and safety of workers and the general public against radiation. Article 34 states: "Any member state in whose territories particularly dangerous experiments are to take place shall take additional health and safety measures, on which it shall first obtain the opinion of the Commission."

Democrats reel as Nunn decides to stand down



Sam Nunn: Seeking more freedom and flexibility

RUPERT CORNWELL
Washington

The cause of the Democrats, in the South and on Capitol Hill, took another heavy blow yesterday as Senator Sam Nunn of Georgia, one of the party's most respected voices in Congress and its leading defence expert, announced he will step down in 1996.

Though far from unexpected, his decision not to seek a fifth-year term dismayed a party still struggling to adjust to its mi-

nority status on Capitol Hill and whose goal is less to regain control of the Senate than to prevent the Republicans next year increasing their 53 seats to a filibuster-proof majority of 60.

Speaking at the state capital in Atlanta where his political career began in 1968, Mr Nunn said he was seeking "more freedom, more flexibility" for his career, and emphasised he was not bowing out of the public arena - he has been touted as a possible Secretary of State should Bill Clinton win a second term.

Clearly, he was frustrated by the prospect of a long time in opposition, and by the shift to the left of the congressional Democratic party. Of the eight Democratic departures from the Senate next year so far announced, his will be the most damaging to party morale.

Like Senator Bill Bradley of New Jersey, who declared in August that he was stepping down, Mr Nunn is a pragmatic centrist, ready if necessary to go against the party line and an authoritative figure on both sides

of the aisle. Such is his prestige that even Republicans on the Senate Armed Services Committee, which he used to chair, are said privately to have implored him to stay.

Even more important, the Democrats will lose perhaps their most powerful bulwark in the South, increasingly a Republican preserve in congressional and presidential elections. Mr Nunn's move proved that Southern Democrats were "in full retreat," said Alphonse D'Amato of New

York, head of the National Republican Senatorial Committee.

Republicans will have high hopes of the Nunn seat. Almost all the eight Democratic vacancies are vulnerable - but few more so than his in Georgia, seven of whose 11 Congressmen are Republican, including House Speaker Newt Gingrich, who could not resist a partisan shot yesterday: "For those who have listened carefully, the Democratic Party is not the vehicle for values outlined by Senator Nunn."

IN BRIEF

German socialist leader fights to survive

Bonn — Top figures in Germany's opposition Social Democratic Party (SPD) looked more and more intent yesterday on ditching their leader to try to reverse the centre-left party's unprecedented slump in popularity and crisis of identity. Rudolf Scharping has become the SPD's whipping boy as it dives in polls and squabbles internally instead of fulfilling a pledge to put the squeeze on Chancellor Helmut Kohl's slim 10-seat majority. The conservative daily *Frankfurter Allgemeine Zeitung* said the powerful premiers of SPD-led states were now scheming furiously to dump Mr Scharping and he might not last two weeks. *Reuters*

Doubt cast on French-Algerian summit

Paris — France said yesterday it had not yet been decided whether President Jacques Chirac would have a first ultra-sensitive meeting with Algeria's military ruler, General Liamine Zeroual, later this month. "The decision has not been taken on this meeting," said a Foreign Ministry spokesman, appearing to contradict an official source who told reporters last Friday that the meeting was set for New York around 22 October. *Reuters*

Wu urges ban on Chinese 'slave' products

Paris — Harry Wu, the Chinese-American activist who spent 19 years in China's labour camps, yesterday urged France to ban imports of products - including tea and rubber boots - made by prisoners. "Millions of prisoners doing forced labour for 10 to 12 hours a day without pay in 1,000 camps, including 12 in Tibet, allow China to export many goods at unbeatable prices," he said. *AP*

Island hunt for elusive OJ

Casa De Campo — Reporters and television crews flew to this resort in the Dominican Republic seeking O J Simpson, but he was not to be found. The stampede was triggered by a report on Sunday in *Listen Diario*, the Caribbean country's principal daily newspaper, that Mr Simpson planned to fly in with his girlfriend, the model Paula Barbieri, perhaps to get married. *Reuters*

Rwanda accuses Moi over fugitives

Kigali — Rwanda's vice-president yesterday accused Kenya's President Daniel arap Moi of harbouring suspects of genocide and doing nothing to end his own country's ethnic problems. Major-General Paul Kagame's comments were the strongest reaction yet to Mr Moi's announcement last week that Kenya would not assist a tribunal investigating last year's genocide in Rwanda. General Kagame said Mr Moi was "not well-placed to solve the problems of Rwanda". *Reuters*

Mrs Chirac unveils memorial to artist

Kiev — Bernadette Chirac, wife of the French President, Jacques Chirac, visited the Ukrainian city of Odessa yesterday to unveil a plaque commemorating the artist Wassily Kandinsky, a native son. *AP*

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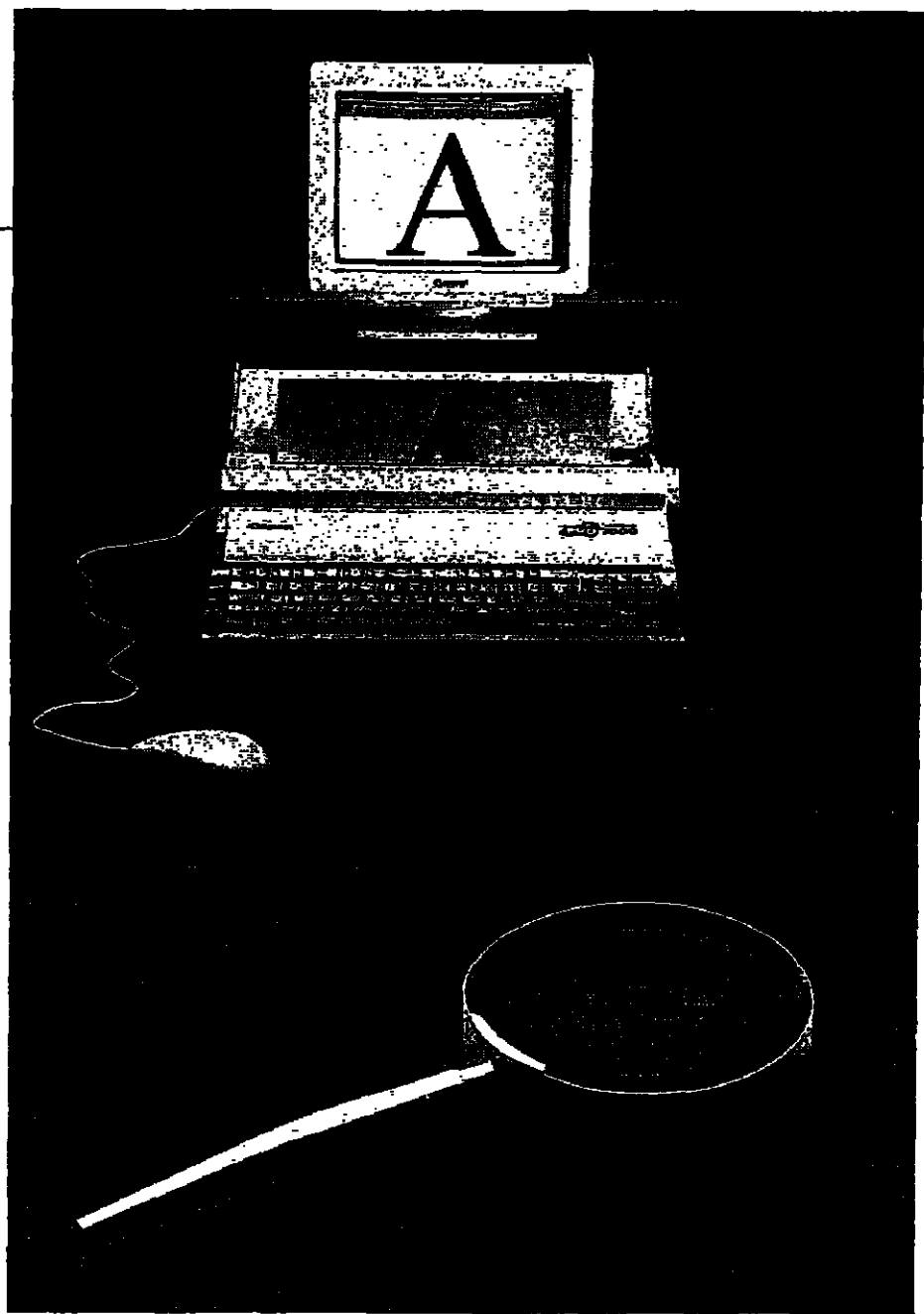
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international

'She knew she was to be beheaded ... we were helpless'

The Philippines embassy in Riyadh hired a lawyer to defend Leonarda Akula. Much good did it do her. She had killed her Syrian employer along with his wife and 18-year-old son in the Saudi coastal town of Dammam. The son, she said, had tried to rape her, but she confessed to the murder and that was enough for the Islamic court to order her execution.

"We went to see her in the Dammam prison after the verdict and she was often crying or silent," one of the local Philippines embassy staff said. "She seemed very sleepy every time we saw her. She would reply to our questions, but otherwise she would say nothing. She just kept saying that she was very, very sorry." The diplomat paused in his painful story. "Yes, we made an appeal for clemency through the lawyer we hired, a Yemeni. But they went ahead with the execution. She knew she was going to die - they'd told her that. But she didn't know the time or the date. That was a complete surprise to her."

Thus on the morning of 7 May 1993, dressed in an *abaya* gown and a scarf, Leonarda Akula was led from her cell and driven to the Dammam market place. There she was ordered to kneel before a crowd of Saudis - all of them men - where an executioner with a sword tore off her scarf. He then cut off her head.

"They never reveal the date of the beheading for what they call 'security reasons'," the Philippines diplomat said. The Philippines Labour Secretary, Nieves Confesor - the woman ultimately responsible for all Filipinos working abroad - was by chance in Riyadh on an official visit on the day of Akula's execution. "I felt like going home," she said later.

But of course, she did not. Poor, underdeveloped countries cannot afford to break relations with Saudi Arabia, from where 600,000 Filipino workers - half of them women working as housemaids - send home millions of dollars in remittances. Leonarda Akula's tragedy - and her fate - went unrecorded outside Saudi Arabia.

"There was nothing we could do," the Philippines diplomat said. "We were helpless in this matter."

No one, it seemed, asked what had driven a 35-year-old Filipina housemaid to commit so dreadful a crime. Before her execution, she had told Philippines diplomats that her employer - a Syrian who was regarded locally as a religious



Robert Fisk, Middle East Correspondent, in the second report of a series on women victims of Islamic 'justice', tells the tragedy of Leonarda Akula

leader - had kept her imprisoned in his house, that she was never allowed out, that she was not given enough to eat. These are common enough complaints from tens of thousands of foreign housemaids in Gulf countries. And Akula said that the 18-year-old son tried to rape her. She never denied that she had taken a knife to all three of them at night, killing first the alleged would-be rapist and then his parents.

Saudi authorities claim that she never left the house after the murders; she was apparently too mentally confused to understand what she had done and spent much of her time pouring salt over the corpses in a vain attempt to prevent their decomposition in the fierce Saudi heat. When Saudi neighbours smelled the bodies, they called the police; Saudi security men found Akula sitting near the corpses, drinking coffee.

"Later, we were told she had killed two other people," a Philippines source said. "But I ask you - how could this lone woman kill three people on her own, let alone five? This is not possible. Was she taking the blame for others? Were there accomplices? We shall never know." Philippines government officials admit that Saudi courts do not always condemn to death Filipinos accused of murder. In 1993, they stated that courts had approved 185 out of 280 requests for clemency, though few of these involved the death penalty. In one case, Ms Confesor was later quoted as saying, a *sharia* court found the accused acted in self-defence. Another found grounds for judging a Filipino defendant insane.

Since Akula's beheading, another eight women have been executed in the Gulf - one of them by firing squad, the rest decapitated - for crimes ranging from murder to drug smuggling. Hundreds have been lashed by male prison officers for alleged sexual misdemeanours and theft. If courts have sometimes shown mercy, they have often demonstrated their ruthlessness.

None of this helped Leonarda Akula, whose own behaviour must surely have required some questions about her mental

stability. Although she was brought up a Christian in the Philippines capital of Manila, the Saudis took her body for secret interment to a Muslim cemetery in Dammam where she was buried - according to Wahhabi custom - in a grave without a marker. The Philippines embassy subsequently wrote to the Saudi Ministry of the Interior, officially requesting the repatriation of her remains to her family. The Saudis did not even bother to reply.



Acquittal call: Filipina Muslims outside the UAE consulate in Manila to demand the freeing of Sarah Balabagan

Murder appeal adjourned

Al-Ain, United Arab Emirates (Reuters) - An Islamic court adjourned an appeal by the condemned Filipina maid Sarah Balabagan, after she repeated her claim that she killed her employer in self-defence.

The three judges, from Mauritania, Saudi Arabia and Sudan, questioned Ms Balabagan about the day she stabbed Almas Mohammed al-Balushi 34 times. "Sarah said she was defending herself. She told the judges he lured her into his room and when he locked the door and turned off the lights, she knew something was wrong," said her defence lawyer, Salman Lotfi, after the court adjourned until 30 October.

The judges cleared the court of public and press after Ms Balabagan said she wanted to make a private plea "because it's a moral issue", a Philippines embassy official said. Ms Balabagan was condemned to death last month for premeditated murder. A court rejected her claim that she acted in self-defence after wrestling Balushi's knife away during "a rape".



Condemned cells: The al-Mabahith al-Ama compound, where Leonarda Akula was held awaiting execution

Starving Iraq plans biggest mosque

PATRICK COCKBURN
Baghdad

President Saddam Hussein of Iraq plans to start building the largest mosque in the world, with room for 100,000 worshippers, in the heart of Baghdad in a few months' time. Although four million Iraqis are estimated by the UN to be on the verge of famine, the Saddam Grand Mosque will cost an estimated \$250m to \$300m (£160m to £190m).

The Iraqi leader first thought of the project in 1994, and 10 design teams have almost finished their work. Construction will start at the beginning of next year on a dome 600ft (180m) in diameter. It will rise from the centre of an artificial lake dug on the 500-acre site of the old municipal airport near the railway station in the centre of Baghdad. The area was heavily bombed during the Gulf war.

Iraqi engineers are worried about where they will get the equipment and construction materials in the face of UN sanctions. "We will need pile drivers, excavators, chemical additives for the cement and steel reinforcement bars," said one associated with the scheme.

Despite these difficulties, there is no sign of any slowdown in the work, which Saddam is

backing. A pavilion is being built on site for his use during construction. He reportedly said that he "will be the chief engineer" for the project.

The reasons for building a giant mosque when the country is so short of resources include the government's desire to improve its Islamic credentials and to underscore its belief in its future.

The mosque will consist of a 210ft-high dome, supported on piles going 120ft into the ground. In addition an Islamic university housed in eight towers, each 650ft high, will surround the lake. Although Iraq may lack some of the equipment needed for construction, almost no other projects are being built, so all resources can be concentrated on the mosque.

Iraqi engineers say the only mosque in the world which might be considered larger is in Mecca, but is not covered. Part of the idea is apparently to show that despite the embargo introduced in 1990, Iraq can still carry out great projects.

Madeleine Albright, the US ambassador at the UN, has criticised Iraq for squandering money on building presidential palaces. During the Iran-Iraq war the Iraqi leadership constructed big memorials to show its political durability.

Rewind.

Murder
appeal
adjourned

Terrorism fear after US train is derailed

RUPERT CORNWELL
Washington

The derailment of an Amtrak transcontinental train in the Arizona desert yesterday, in which one person died and more than 100 were injured, was an act of sabotage and possibly of political terrorism, local police officials said.

The Sunset Limited came off the tracks in wild and inaccessible country about 60 miles south-west of Phoenix at around 1.30am on route from Miami to Los Angeles with 248 people aboard. "There was a loud roar and everything was shaking," said a passenger. "It was beginning to tilt and then everything just shook and stopped." In 1, eight of the train's 12 coaches left the rails.

According to investigators, an electric car was found wrapped around one track where the accident happened, along with written notes.

Moments beforehand, the driver had seen something on the track and tried to halt the train. The evidence suggested "it was not an accident", said the Maricopa County Sheriff, Joe Arpaio. "The track had been tampered with."

Asked if one of the notes was addressed to the Bureau of Alcohol, Tobacco and Firearms which carried out the initial raid on the Branch Davidians cult in Waco in 1993 and which appears to have been a target of the Oklahoma City bombing this April, Mr Arpaio replied, "You're close."

Last night, FBI agents were joining the investigation.

Only four-wheel-drive vehicles could reach the spot because of rocky terrain, and the injured were ferried by helicopter to Phoenix, where a shopping mall was turned into an improvised landing site. Of the 100 victims, 12 were said to be in serious condition.



Ring of confidence: Two recruits leaping through a hoop of fire during their passing out parade at the Jericho Police Academy of 300 new Palestinian policemen from the West Bank

Photograph: Reuters

international

Turks claim victory in scramble for oil pipeline

HUGH POPE
Istanbul

The first oil from new fields in the Caspian Sea will flow to the West through two pipelines, one backed by Russia and the other by Turkey and the United States, a BP-led consortium of 11 international oil giants decided in Azerbaijan yesterday.

The historic compromise left some loose ends, as seems customary in the complex Caspian oil negotiations. The flow of "early oil" will be "simultaneous" in the pipelines when it starts in a year, but a decision on how much will go through each was left to later.

Turkey was elated nevertheless, with television leading news bulletins with announcements of a victory. Even sober commentators felt that the compromise gave Turkey a foot in the Caucasian door, a chance to show the consortium why it should fulfill its promise to give Turkey the main future oil pipeline down to the Mediterranean. "It is exactly what we were looking for. It couldn't be better," said one of those privy to the negotiations, Turkey's ambassador to London, Ozdem Sanberk.

The Turks have long agitated for various configurations of oil pipelines and other trade routes to link them to Azerbaijan and other Turkic states in Central Asia, freed by the collapse of the Soviet Union. But they have been frustrated by geography, Russian blocking tactics and centuries of separate cultural development.

Yesterday's compromise was also due to an intervention by President Bill Clinton, who telephoned the Azerbaijani president, Heydar Aliyev, to push for the dual pipeline solution. That helped Mr Aliyev to resist pressure from Russia that included a trade embargo and, allegedly, meddling in the Nagorno Karabakh conflict.

Russia's blunt suppression of Chechen independence last December - perhaps partly to secure the Russian oil pipeline route through Grozny - helped persuade the US of the need to diversify away from full-scale support for Moscow.

Even so, both pipeline routes run through geopolitical minefields. The Chechens are threatening to blow up the Russian northern route to the port of Novorossiysk. The southerly

route favoured by Turkey, which requires substantial new pipelaying, goes through unstable Georgia to Batumi, close to Turkey's Black Sea border.

To attract the consortium, Turkey offered to finance the upgrading of the Georgian line and to buy all the oil delivered through it. Turkish contractors are also well placed to start construction quickly, even if Georgia placates Russia with a share in that pipeline too.

"We should not give up. It depends on Turkish determination. We should try to make oil run through that line as soon as possible," wrote Feral Tinc, foreign editor of *Hurriyet*. "We will get the right to say: 'Look, we stood by our word. Now you stand by yours, and put the main pipeline through to Ceyhan [a Turkish oil terminal on the Mediterranean].'"

Turkish suspicions of ill intent led one newspaper to brand the BP pipeline consortium chief as "Lawrence of the Caucasus", but Mr Sanberk and a consortium spokesman in Baku stressed that there was now no difference of opinion between Turkey and BP.

Turkey is not just after oil transit fees and regional influence. There is genuine resentment that the 10 million people of Istanbul should be exposed to more supertankers coming through the Bosphorus. Oil from the Azerbaijan consortium could add several big tankers a day. The proposed Ceyhan route would bypass the Black Sea. Russia has proposed a bypass line through Bulgaria and Greece to the Aegean, but few believe it would be economic.

Even if only a little of the "early oil" passes through the Georgian pipeline, Turkey is confident that other companies prospecting in Azerbaijan may use it. It may also attract interest from new producers of oil in Central Asia, who are having trouble exporting through Russia's creaking system.

The early oil is not expected to exceed 80,000 barrels per day. But the main pipeline will be able to carry up to 700,000 barrels per day, and a final decision on its route is due in 1997. The spokesman for the consortium in Baku, Einar Bergh, said Turkey was still favoured. "[The consortium] feels that when it comes to the main oil production, the main loading point should be Ceyhan."

Menem jolted by third place in capital's poll

PHIL DAVISON
Latin America Correspondent

President Carlos Menem of Argentina has suffered his worst political setback since he was re-elected in May. The centre-left opposition Frepaso alliance won the influential Senate seat for the capital, Buenos Aires, at the weekend.

The overwhelming victory by Frepaso's candidate, Graciela Fernandez Meijide, with more than 50 per cent of the vote to only 21 per cent for Mr Menem's Peronist candidate, was seen as reflecting disquiet over rampant unemployment and reports of official corruption. The Peronist candidate, Antonio Erman Gonzalez, a former economics and defence minister under Mr Menem, was left a humiliating third behind Jorge Vanossi of the Radicals, who won 22.5 per cent.

"This will teach those who said there was no way to get at Menem," said Ms Meijide, a leading human rights campaigner. "The people are fed up."

The vote of discontent in the capital followed a series of provincial riots this summer, notably in Cordoba and San Juan provinces, some by the unemployed but mostly by public sector workers who had not been paid in months.

When he was re-elected in May, Mr Menem pledged to "pulverise unemployment the way we pulverised inflation". But the jobless figure has spiralled to a record 18.6 per cent.

On the recent feast day of St Cayetano, patron saint of work, more than a million people filed through the St Cayetano church outside Buenos Aires to beseech the saint for jobs. Some

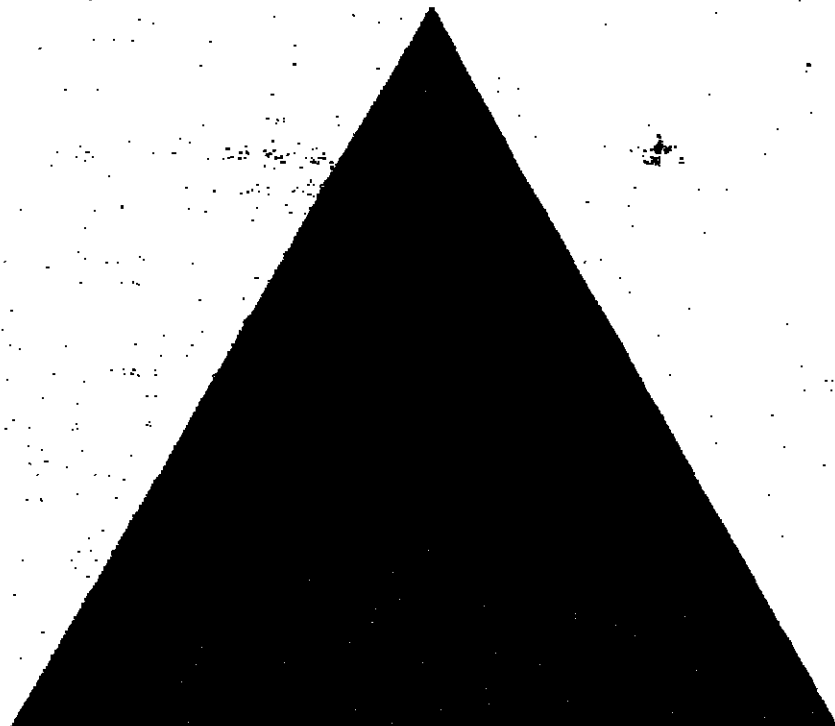


Carlos Menem: has not fulfilled jobs pledge

had camped out for a week to get a place in line.

The jobless rate threatens Mr Menem's economic successes of the past five years, bringing the economy to its most sensitive point since it flourished in the wake of last December's Mexican financial crisis.

Uncertainty over the future of the Economy Minister, Domingo Cavallo, architect of much of the recent successes, has also caused jitters among domestic and foreign investors who fear economic instability were he to go. Mr Cavallo caused a political storm in August when he said *mafiosi* were entrenched in the upper reaches of government and state bodies. Rumours that hardline Peronists would force his dismissal sent the stock market downward and threatened foreign investment until Mr Menem issued a hearty endorsement of his minister.



Unwind.



Bass

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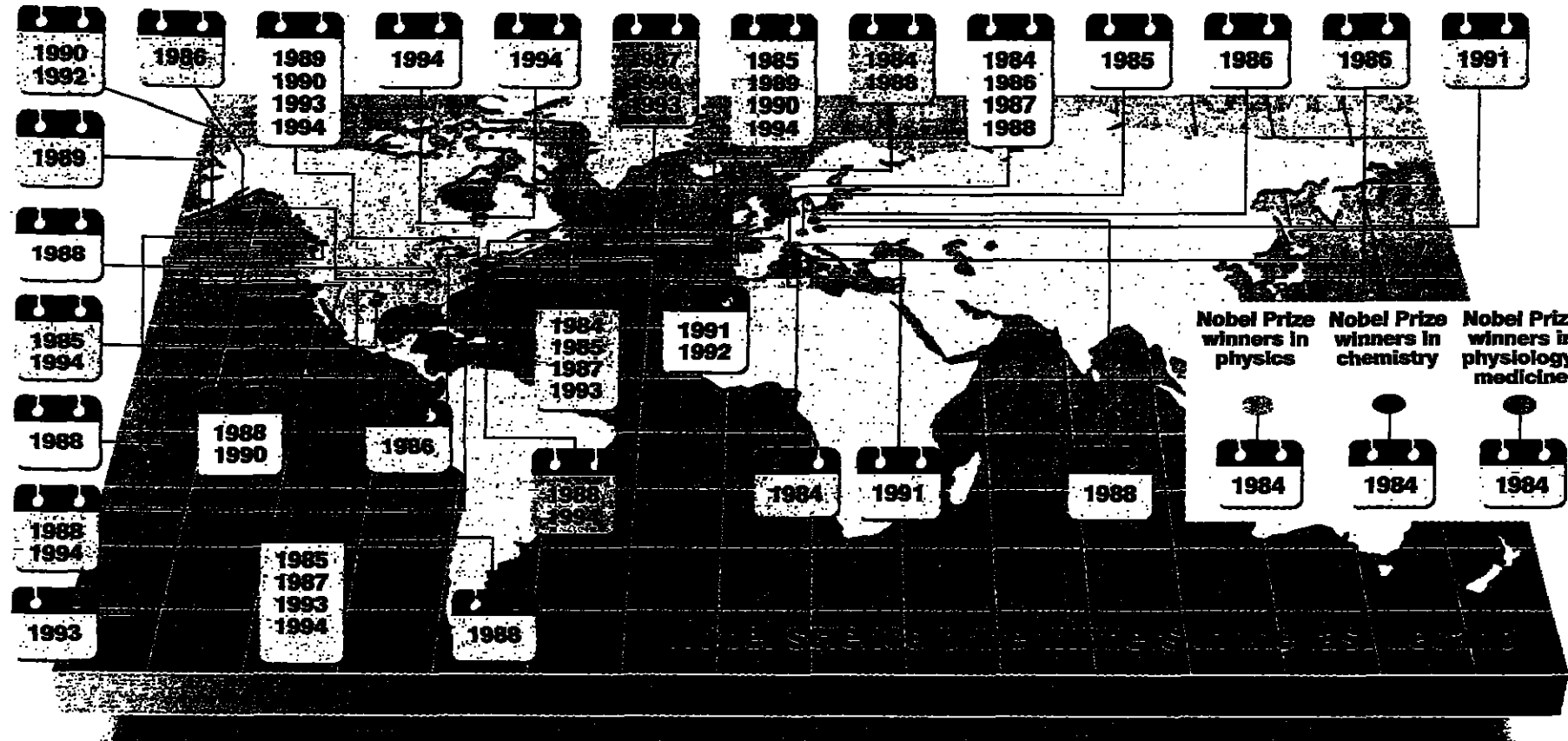
Ying Hui Tan *Judge*

The awarding of the 1995 Nobel prizes has gone smoothly, so far. That's just the way they like it in Stockholm, explains Paul Valley

No controversy please, we're Swedish

Two down, four to go, and all safe so far. There was universal acclaim yesterday in the scientific world when the Nobel Prize for Medicine, worth \$1m this year, was won by two Americans and a German for their pioneering work on the development of embryos. Working with the tiny fruit fly, they have discovered how genes control the formation of organs - which could have significant implications in understanding the causes of congenital malformations in human beings.

Ceers all round then, as there verday week when the man known throughout Ireland as Seamus Heaney was awarded the Nobel Prize for Literature. Today comes the Nobel Prize for Economics, with the physics and chemistry prizes tomorrow and the peace prize on Friday. They will be awarded "to those who, during the preceding year, have conferred the greatest benefit on mankind", to quote from the will of the man who left the money for the annual awards, Alfred Bernhard Nobel, the Swedish chemist, engineer, industrialist and pacifist inventor of dynamite.



newspaper, which it claimed had "put together unrelated facts to make a story" and pointing out that the judges' choice was validated by the reaction of the scientific community, whose members warmly applauded the selection.

But though most observers accept the judges' explanation, the affair has sparked a debate about the independence of the secretive medicine prize committee. The Internet has been abuzz with all manner of unsubstantiated speculation. Nobel judges, like all top scientists, are increasingly intertwined with industry over research money and support, said one of the more moderate voices, PC Jersild, a Swedish medical ethicist. Medical and pharmaceutical industries provide career paths for scientists and pay for conferences and research at universities,

he said, which "creates a network of interdependence." All of this is rather new. The Nobel prize has become the ultimate accolade in the sciences precisely because it is almost always awarded to the right people. Of course there are the odd exceptions, as in 1974 when the prize for physics was won by the Cambridge astrophysicist Antony Hewish for his discovery of a new class of stars, pulsars. "Some felt it unfair," says John Maddox, the editor of the prestigious science journal *Nature*. "Because, though Hewish was director of the project, it was a research assistant, Jocelyn Bell, who did the actual work. It has to be said she has behaved with extraordinary composure ever since."

Then there was the case of Fred Hoyle, acknowledged by many in the scientific community as having done the key thinking on the atomic nuclear synthesis which takes place in the Sun and other stars. But it was his co-worker William Fowler who won the prize in 1983. "One of the things the Nobel committee does not like is controversy," says Maddox, "and Hoyle had gained a reputation as a hothead for walking out of Cambridge, where he was professor, in a row over an appointment." He also posted the idea that life had arrived on Earth from outer space, which seemed "unnecessarily nutty".

But these are the exceptions - unlike the awards of the Nobel prizes for literature and for peace, which have both been frequently criticised. The difference lies in the nature of the disciplines, which is something the founder of the prizes failed to spot. Nobel himself achieved his reputation in scientific disciplines. In 1865 he invented the blasting cap, a device for detonating explosives, which was hailed by his peers as the greatest advance in the science of explosives since the discovery of black powder. Two years later he came up with dynamite.

Because science is an exact discipline it is relatively easy to measure success, especially if you wait for peer approval before awarding a prize, which is what the Nobel committees often do - William Fowler waited nearly 30 years for his and Peyton Rous, who discovered a cancer virus in 1913, waited 66 years for his.

The laureates are selected from nominations made by senior figures in each field. Deliberation and voting are secret at all stages, and the judges brook no appeal from the disappointed or the outraged. They can cope with that in the sciences. But literature and peace are different creatures altogether. Nobel's expertise here was only that of the dilettante - in his youth he had written poetry in English and the beginnings of a novel were found among his papers after his death. There was something equally amateurish about his pacifism, which he seems to have acquired from an Austrian baroness friend who was also a novelist. Heaney was the man who invented dynamite hoped that its destructive powers would bring about an end to wars. Literary worth and the nature of peace are something altogether more subjective.

Science winners

Albert Einstein: did not win it for his most famous research into relativity. Won the physics prize in 1921 for the photoelectric effect, which was considered more important, and more experimental, in those days

William Shockley: American who shared Nobel physics prize in 1956 for his development of the transistor. Afterwards worked on the genetics of race

Fred Hoyle: British astronomer and ardent opponent of the Big Bang theory who proposed a theory on the formation of atoms within stars. His criticism of the Nobel committee for not giving the prize to a research student of Tony Hewish, who went on to win it, jeopardised his chances of winning

Robert Edwards and Patrick Steptoe (left): pioneered in-vitro fertilisation, culminating in the birth of the first test-tube child, Louise Brown, in 1978. Steptoe has since died and the prize is not awarded posthumously

Robert Shuman: Frenchman who failed to win despite his devotion to setting up the forerunner of the European Union and efforts at post-war Franco-German reconciliation

Leo Tolstoy: Russian author who said he was "very glad" not to win the prize. The Academy was, in 1901, too conservative to countenance Tolstoy's avant-garde writing. The prize was to be awarded for idealistic world. Tolstoy didn't fit the bill

Samuel Beckett: Irish writer won in 1969 for his innovative and inspired writing which, according to the committee, uplifted "destitute" modern man

Fred Sanger: British biochemist who won chemistry Nobel prize twice: once in 1958 for his determination of the structure of the insulin molecule and as a joint winner in 1980 for the determination of base sequences in nucleic acids

Sir Alexander Fleming: Briton who won physiology or medicine prize in 1945 for his discovery of penicillin. He made the initial observations, but Ernst Chain and Howard Florey developed the first antibiotic

Stephen Hawking: the best-known cosmologist in Britain and probably the world. He will probably never receive a Nobel because his work is too theoretical. Is he too famous for a Nobel?

Harry Kroto: Sussex university chemist who discovered a new form of carbon. This molecule is in the shape of a ball and its existence has opened up a whole new field of chemistry. Kroto could still win it, but time may be running out

Desmond Tutu: former Bishop of Johannesburg, won in 1983 for improvement of community relations in South Africa

Robert Shuman: Frenchman who failed to win despite his devotion to setting up the forerunner of the European Union and efforts at post-war Franco-German reconciliation

Samuel Beckett: Irish writer won in 1969 for his innovative and inspired writing which, according to the committee, uplifted "destitute" modern man

Diary

VICKY WARD

Presidents of the Oxbridge unions are not usually meek, unambitious types - consider the examples of Messrs Heseltine and Hurd and Messdames Bonazir, Ebanio and Arianna Stassinopoulou-Huffington. But the current incumbent at Cambridge, one David Branch, a third-year reading Archaeology and Anthropology with "no plans" for a political career, is more audacious than all his predecessors put together. He has arranged for Libya's Colonel Gaddafi to speak at the Union.

On 22 November (assuming he has finished ejecting Libya's Palestinians) Gaddafi will debate the motion: "This house believes that the West cannot remain as guardian to world affairs." His adversary is Sir Laurence Martin, director of the Royal Institute of International Affairs. Branch's plan is to link up Gaddafi via satellite, which will be switched off when we want to have a "normal" debate among ourselves afterwards.

Should things run smoothly it will be the first time that Gaddafi, whom our government does not deal with, has ever been granted a public platform in this country. But Gaddafi may drop out at the last moment. Sir Teddy Taylor's office staff, who helped with the arrangement, warn: "One simply does not get a straight 'yes' or 'no' from Gaddafi."

Alan Howarth's article in yesterday's *Independent*, explaining his reasons for switching to Labour, rang alarm bells with the eight former members of the Young Conservatives who defected to the SDP in 1981. Some of them think he has copied their statement. "When we resigned Howarth was the director of the Tory Research Department," says one, "and, as such, he sat in our meeting with the then party chairman, Lord Thorneycroft, when we had to explain our reasons for resignation."

My source thinks that apart from a generally similar use of imagery (negativism versus positivism, etc) here is one direct lift from the 1981 statement. It is the description of Labour as "a new politics of generosity, and inclusiveness, of realism that appeals to our better nature." Obviously the party is different, but none the less I'm sure

the coincidence will get psychoanalysts producing theories on the longevity of the subconscious like there's no tomorrow.

To the Groucho Club for a double celebration lunch; on the one hand to welcome the celebrated black American writer Walter Mosley (Clinton's favourite author) to these shores, and on the other to congratulate Angus McKinnon, the new editor of *GQ*, on his appointment.

McKinnon, 42, is a rather different character from his noisy, ebullient predecessor, the late Michael Vermeulen. Attired in his customary tweed jacket, he slipped only now and then from his wine glass, making quiet, intelligent conversation all the while. But there is a sense, none the less, that much of Vermeulen lives on in him - not just because he was Vermeulen's deputy for several years,

but because Vermeulen was instrumental in introducing McKinnon to his new bride - Rowan Felling. "Since Michael brought Rowan on board *GQ* as his secretary he always patted himself on the back for our pairing," McKinnon confided. But Vermeulen's patronage turned into something of a mixed blessing for the duo. To say their relationship was subjected to intense office scrutiny would be an understatement. "When Rowan and I started going out I thought it was my duty to inform Michael," says McKinnon. "When I'd finished, he looked at me and said 'Angus, that is absolutely fine, but all I really want to know is how many times you've slept with her.'"

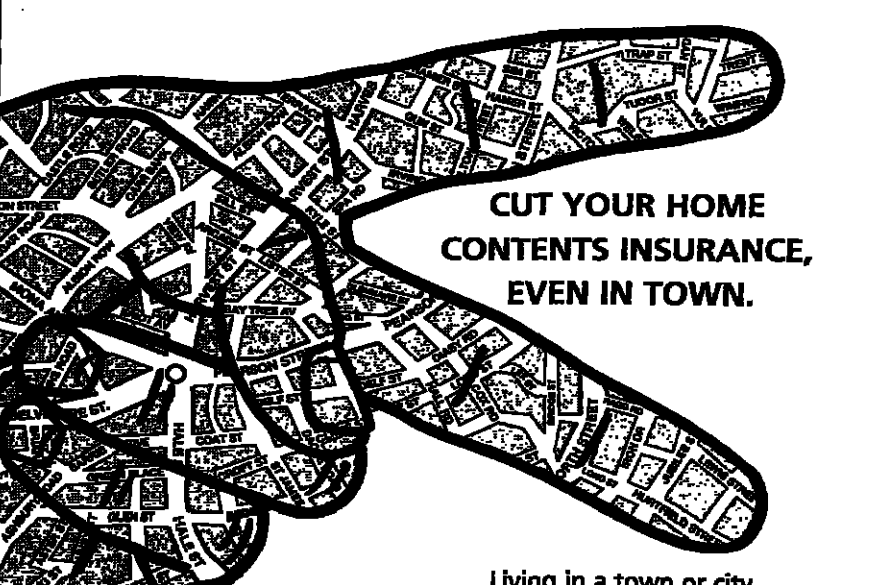
Last week at the National Gallery an American rendered a new, illuminating verdict on the long-standing debate over Van Eyck's *The Arnolfini Marriage*. (For those who don't know, the picture is of a man and a woman in 15th century dress, but the woman in the picture has a large bump on her middle: is it the dress or is it pregnancy?) This particular man did not know any of this. So when a gallery guide asked him what he thought the picture represented, he whipped out his book of English idioms. "Seems to me," the American finally enunciated in loud, deep South tones: "there's sure bin some shootin' before the Twelfth."

The unexpected also occurred at London's South Bank last week when, surrounded by minders, Salman Rushdie arrived unannounced to join in readings by Umberto Eco and Mario Vargas Llosa. As ever, Rushdie stole the show. He marched in just as the complex was starting to introduce Eco and Vargas Llosa and received a huge ovation for several minutes. He responded with lots of regal waving. At the end one could not move for crowds wanting to get him to sign his books. It was, all in all, real puke-making stuff. But if Eco and Vargas Llosa - the two whom the programme had billed - were annoyed, they did not show it. Indeed Eco went so far as

to make a joke on stage. He got up and read incomprehensibly fast in Italian for a good five minutes. He made sure his audience was completely baffled before snapping his book shut with relish and saying "now... een English?"

One might imagine that the British gay community would welcome the arrival here of Andrew Sullivan, editor of Washington's political journal, the *New Republic*, and prominent gay thinker. His position in the right-wing establishment means that his new book, *Virtually Normal*, is likely substantially to widen general awareness of the difficulties faced by homosexuals. But the gay pressure groups are furious that a debate organised by the *Guardian* launching Sullivan's book is to be held on Wednesday, the same night as a party to celebrate the 25th anniversary of the Gay Liberation Movement. Furthermore, Outrage's leader, Peter Tatchell, feels that the panel debating homosexuality is unrepresentative of the issues of modern homosexuality.

The *Guardian* replies that it cannot help the date - it is the only one Sullivan could make, and it has added on to its panel Angela Mason of the lobbying group Stonewall. Tatchell and his cronies are still peeved. Over to Suzanne Moore, who is on the panel: "It would be sensible to include someone from Outrage," she says, "not least because if they are not represented they will create a disturbance on the night..."




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France peers into the blackness

A French "Black Wednesday" appears to be looming. The pressure on the franc and the troubles of the economy as France tries to keep pace with Germany all sound terribly reminiscent of the UK, autumn 1992, just before we tumbled out of the Exchange Rate Mechanism. The financial markets are selling the currency in the belief that its value cannot keep up with the mark. The French central bank has raised interest rates to stop a serious run on the currency. Meanwhile, economists think French policy doesn't add up. Because interest rates are so high, and the currency so overvalued, they argue, the home economy cannot grow and unemployment cannot fall. And the government deficit is too high, not least because of the cost of supporting the jobless.

The British seems beckon: forget shadowing the mark, cut interest rates, let the franc float, and just watch while growth increases and unemployment falls, as it has in Britain since Black Wednesday. But devaluation is not an easy option for President Jacques Chirac. The political risks are more severe, and the economic benefits less extreme, than those faced by the unfortunate Norman Lamont in 1992.

Unlike Britain, France is not deep in recession. In fact, growth has been steady at around the European average. High exports undermine the idea that the franc is overvalued, because foreigners are clearly still buying French goods. But the fact remains that French real interest rates, at 5.3 per cent, are considerably higher than those in Germany, the UK, the US and Japan.

The crux of the problem for the French is whether they are prepared to go on bearing the pain. Mr Chirac pledged in his election campaign to make unemployment

the "priority of priorities". Currently at 11.4 per cent, it is the biggest worry for the French electorate. Yet sticking with the mark makes it much harder to create jobs.

The alternative for Mr Chirac is not much more palatable. To abandon the mark is seen as surrendering the founding principle of post-war political stability in Europe – that France and Germany co-operate as equal partners. The first casualty of dropping the hard franc policy would be to blow away the timetable for European monetary union; in the longer run, French political leaders fear that it would weaken the centre of the European Union in a way that would turn the Continent into a glorified Deutschmark zone.

In the end, though, the French economy will be strong enough to withstand a long-term alliance with Germany only if other reforms to bring down unemployment, increase growth and cut the deficit are successful. The structure of the ERM does now allow for greater short-term flexibility.

President Chirac will be weighing up the political pros and cons. He risks social discontent and anger at home on the one hand, building on today's threatened strike by 5 million public sector workers, or a potential European crisis on the other. Damned if he does back the franc, damned if he doesn't, Mr Chirac may be damned most savagely of all if he dithers in the middle. For the financial markets will pursue any sign of doubt about the currency by speculating ever more heavily.

Europe's interest lies in seeing these tensions managed through. It is not the moment to insist upon the monetary union timetable at all costs.

Far from the promised land

If Colin Powell's parents had emigrated from Jamaica to Southampton rather than New York, their son's life would have been rather less exalted. "I might have made sergeant major in a modest British regiment, but not likely British chief of defence staff," General Powell explains in his autobiography, *A Soldier's Way*.

This is a depressingly accurate observation about a country that likes to think of itself as relatively free of racism. Many gloated last week at the verdict in the OJ Simpson trial, citing it as evidence that the United States in general, and its judicial system in particular, is poisoned by racism. This week, as General Powell visits these shores, we should take a careful look at ourselves.

Britain's most senior black or Asian officer is a humble colonel. General Powell, once the top soldier in the racially divided United States, was one of several black generals. It is sobering to consider, as General Powell sets his sights on the US presidency, how unlikely we are to elect a non-white prime minister. John Major, once rejected as a bus conductor, is now the premier. But the doors of power are virtually closed to blacks and Asians.

If membership of the House of Commons reflected demography, there would be 35 MPs from ethnic minorities: in fact, there are just six, none of whom hold ministerial position. In the 1992 general election, only 22 blacks or Asians were among more than 2,000 candidates put forward by the main parties.

The picture in areas of life where would-be politicians win their spurs is no more encouraging. Recent research at

Warwick University found that just 360 out of 23,000 local councillors are black or Asian (1.6 per cent of the total compared with 6.9 per cent of working age British citizens who are non-white).

The professions, where future MPs are frequently nurtured, are hardly more welcoming. Look at photographs of directors in annual company reports: a sea of white faces. Journalism, particularly the print media, remains overwhelmingly white. Figures from 1994 record no blacks or Asians among the 95 High Court judges, 29 Lord Justices or 10 Lords of Appeal. There is no equivalent of Clarence Thomas, the black US Supreme Court Justice. Things are improving, but slowly: 4.6 per cent of barristers are from ethnic minorities.

Why is the United States so much better than Britain at admitting black people into positions of authority and political power? Beyond the extra numbers – more than 12 per cent of Americans are black – there is an important cultural factor. The US is a land of opportunity: immigrants can rise to the top in a generation. It is an open society in which hierarchy does not obstruct mobility. Britain is full of barriers to halt the advance of those beyond the pale: schooling, accent, background – and the greatest hurdle, colour – are all used to exclude people from the élite.

Many people are so accustomed to these obstacles that they are often not even conscious of them. Seeing General Powell astride the world stage is a reminder of how closed and discriminatory Britain remains.

ANOTHER VIEW Dr Ghazi Algosaihi

We will continue to execute

With reference to Mr Robert Fisk's ferocious attack on Saudi Arabia's judicial system in Monday's *Independent*, it must be stressed that there are no extrajudicial executions in the Kingdom. All death sentences are passed after due process and, in accordance with the Sharia, which for one billion Muslims represents the sacred word of the Koran.

The rise in the number of executions is obviously due to the increase in the number of drug smugglers, the deadliest enemies of the young on whom the nation's hope for mental and physical health and constant advancement in every field are founded.

As for the West's participation in the second Gulf war in 1990, this reflected the West's own concern with its own interests. Let us not play games here.

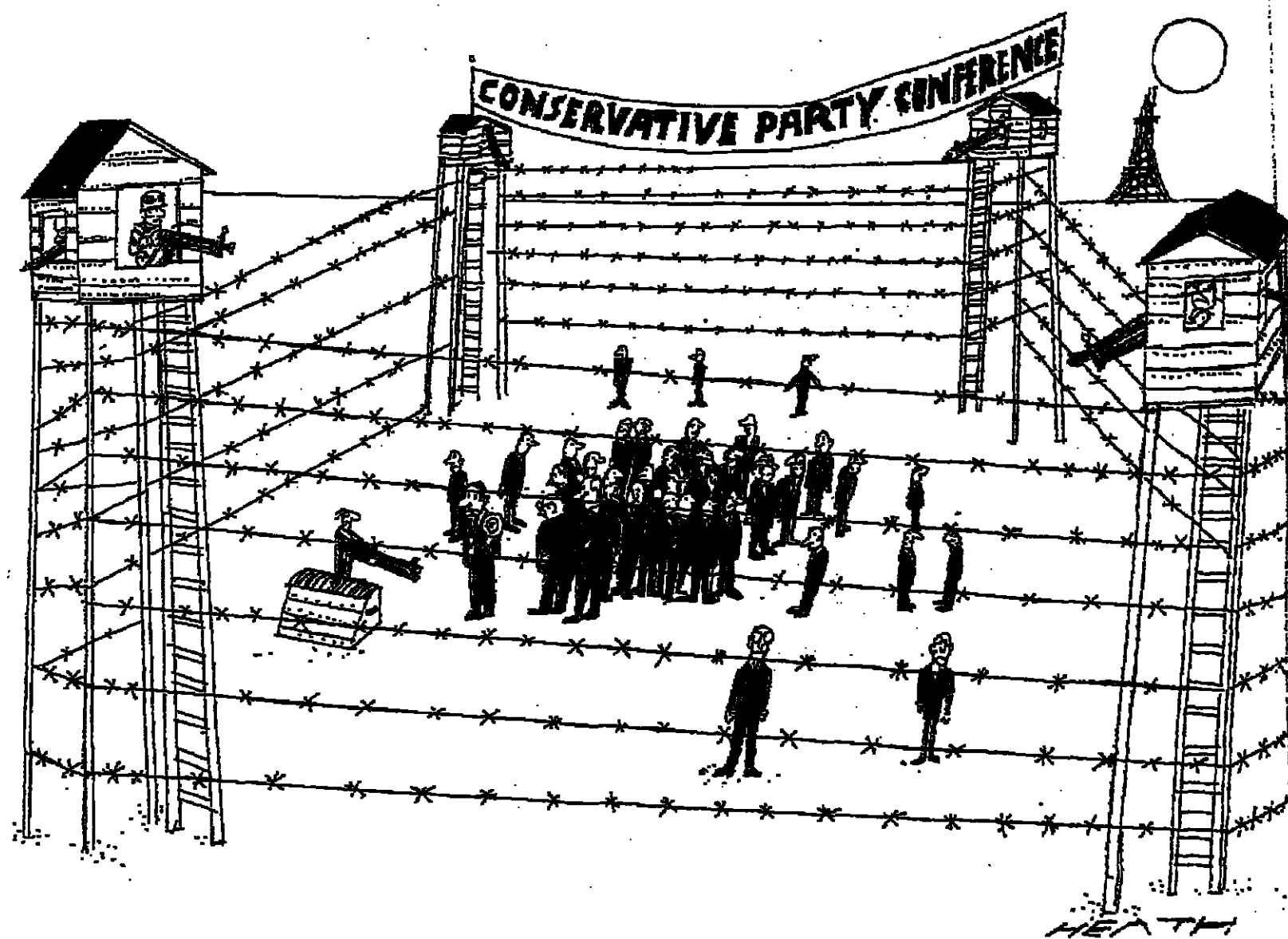
Talking about western nations, it was in the West that two destructive world wars were initiated, costing humanity more than 50 million lives – not to mention the wounded and the maimed. It was the West that bred both Communism and Nazism. It was the West which invented and used the atomic bomb. And it is this very West that now shudders in shame and agony every time a murderer or a drug smuggler is executed in Saudi Arabia.

Well, we are not going to oblige the guilt-ridden liberals who use protesting against Islamic justice as a sop to their consciences. Nor are we going to allow

our country to be a safe haven for murderers, rapists and those who turn our children into doomed addicts.

In savagely criticising Saudi Arabia's judicial system Mr Fisk should look at the other side of the coin, which is that our country, by being adamant in the application of the law as a deterrent to crime, remains one of the safest in the world: anybody who visits the Kingdom can vouch for this. Only Monday, the case of Mr Barrie Grundy, a British Aerospace engineer working in Saudi Arabia, was reported in the *Daily Telegraph* and *Daily Star*. Mr Grundy, back in Britain on holiday, was a victim of a vicious attack at a supermarket. This incident has left him scarred for life. He said that the British are much too lax and that he can walk anywhere in Saudi Arabia and feel much safer than being in England in broad daylight. Islamic justice has nothing to be ashamed of. It is stern but it is just. Prosecution cases are first referred to the High Sharia Court composed of three judges. They are then passed to the High Court of Appeal consisting of five judges, followed by referral to the Supreme Judicial Council, also composed of five judges. It would seem most unusual for 13 judges to want to condemn an innocent person to death.

The writer is Ambassador for Saudi Arabia.



LETTERS TO THE EDITOR

Good advice and good value from solicitors

From Mr Andrew Lockley

Sir: In his letter (9 October) Keith Richards of the Consumers' Association implies, wrongly, that the Law Society's angry response to the *Which?* article on the quality of solicitors' advice was simply the knee-jerk reaction of the solicitors' trade union.

The Law Society never disregards rigorous research into the service that solicitors give to their clients. Unfortunately, the *Which?* research was flawed and its attack on the profession unjustified. The solicitors' profession has as much right to defend itself against unwarranted attack as any other group in society.

Which? has already been forced to apologise to one firm of solicitors named in the report. Many of the other solicitors we have contacted have stated that *Which?* misrepresented the advice they gave and the context in which it was given. Also, despite what Mr Richards asserts, in one key area the *Which?* model advice was incorrect.

Sadly, the *Which?* article has undermined the previously good relationship between the Law Society and the Consumers' Association. Clearly, this is not good for consumers or the profession. A first step to resolving this situation would be for CA to be more frank about the limita-

tions of its research. After all, no organisation is above criticism.

Yours sincerely,
ANDREW LOCKLEY
Director
Corporate and Regional Affairs
Law Society
London, WC2
9 October

From Mr J.S. Quinn

Sir: Further to the letter from Keith Richards, senior lawyer with the Consumers' Association (9 October), I am the managing partner of a large Midlands firm outside Birmingham. My firm has to maintain a full service, satisfactory to our clients, rewarding to our staff and profitable to our partners. I have no problem with knowing that my firm has staff who are perfectly able to give the correct answers to the *Which?* questions. My problem is how to match the knowledge to the inquirer at the time of inquiry.

My reaction to the *Which?* article was immediately to thank heaven that my firm was not telephoned, then to photograph the article and call a meeting of the relevant partners to try to set up another quality filter to ensure the recording and cross-checking of advice given (probably free) on the telephone – on top of Franchising Standards, LawNet Quality Standards, Law Society Practice Management Standards on their way, and sometime in the

not-too-distant future. Investors in People and ISO 9000.

I and my partners can administer the bulk of standard matters in a cost-conscious way – conveying houses, divorce petitions, debt collection, housing problems, wills, etc. We can advise and provide free legal surgeries where we set up a controlled system that can filter out and cross-check advice and answers. What we have not yet cracked is how to filter the non-standard inquiry from the standard with 100 per cent success at the first point of lowest contact.

In relatively small communities, we have to hold ourselves out to that community, and particularly to our professional colleagues in advisory services such as the Citizens' Advice Bureau, as willing to give an instant answer to a set of facts filtered by the caller, but using our experience to spot the maverick problem. I suspect that our specialised experience and training can give genuine help to more than 90 per cent of callers. The business skill is in working out how to cover the remaining up to 10 per cent without setting up so many checks and balances that we cease to be profitable. It is a matter of balance and continuous endeavour. Yours endeavouring,
J.S. QUINN
Malvern Wells, Worcestershire
9 October

BT finds it easy to promise

From Mr J.R. Colquhoun

Sir: I view the announcement that British Telecom is willing to cable schools, hospitals and educational establishments free of charge with a sad sense of "déjà vu".

In the early 1980s, Aberdeen was included in the first round of local cable franchises to be awarded. In the franchise was a commitment by BT to cable free all the local educational establishments. On the strength of this, I obtained the agreement of the then managing director of Aberdeen Cable for the establishment of a dedicated local education channel. Material would be supplied by local educational television production houses such as the one I was then heading and the cable channel would be provided free by Aberdeen Cable.

A committee chaired by me was set up involving the local higher education institutions, the education authority and the cable company. A few months before the channel was to be launched, BT withdrew from its promise to cable educational establishments free of charge, having found that the cost of cabling the four schools they had so far reached to be far more expensive than cabling houses, involving, as it did, having to duct cables underground across

often considerable expanses of playground or playing fields. What would have been a unique Aberdeen Education Channel founded even before leaving the harbour, and has never been refloated.

Perhaps we should remember that promises are easy to make, harder to carry out when the price becomes a factor. Yours faithfully,
J.R. COLQUHOUN
Aberdeen
5 October

From Mr Tony Attwood

Sir: Your claim ("Black BT at smoke-filled rooms" 6 October) that there are 54,711 schools in the UK has caused shock waves in the educational supply industry.

There are, in fact, only 33,000 schools in the UK, of which about 5,000 have Internet connections to our service "Schools Internet". I suspect British Telecom included playgrounds for mums and toddlers – which, in fact, takes the total to around 54,000.

Is BT really going to supply modems to each and every playground? Yours,
TONY ATTWOOD
Chairman
Hamilton House
Northampton

Missing the point on offensive ads

From Mr Rupert Mostyn

Sir: Advertising agency director Matthew Lonsdale asks the Advertising Standards Authority to "stand in the corner of the classroom until it has worked out the difference" between the shocking deeds of the serial killer Jeffrey Dahmer and the plain telling of the story in a broadsheet newspaper, in this case an International Fund For Animal Welfare advertisement.

In his *Another View* column ("We have been misinformed," 5 October), he misses the point of the complaints upon which the ASA was asked to adjudicate.

The IFAW advertisement in question, promoting the Wild Mammals (Protection) Bill, juxtaposed the line that convicted Dahmer "graduated" from mutilating birds and animals with the line that torture of mammals goes on in Britain and opponents of the Bill were somehow comparable to Dahmer.

Upholding both the challenge as to whether Dahmer mutilated animals and the complaint that the perceived comparison was offensive, the ASA reported:

"The authority understood Dahmer did not mutilate live animals but examined corpses of animals killed by traffic. It concluded that the use of Dahmer was inappropriate. The authority considered the irrelevance of the comparison... shocking and had caused offence. It judged the advertisers had failed to justify using this approach."

That's fair enough, isn't it, Mr Lonsdale? People do not think the comparison appropriate, and in which case it also seems fair and fitting that the ASA made the general criticism of certain pressure groups "misinforming people by exaggerating or stretching the truth, exploiting the trust that the public have..." in them. Yours sincerely,
RUPERT MOSTYN
British Field Sports Society
London, SE1

Operations based on sound evidence

From Sir Miles Irving

Sir: Your positive reporting of the conference on the scientific basis of health services, which is exploring new methods of coping with the tidal wave of new health technologies, is welcome.

However, Liz Hunt's statement that "less than 15 per cent of health service interventions have been proved to be beneficial to patients" ("Routine operations on hit-list," 3 October) is a misrepresentation of Professor David Eddy's statement that less than 15 per cent of interventions are based on scientific evidence. This does not mean that interventions not so proven are ineffective. As a surgeon, I do not need the rigour of a randomised controlled trial to tell me that, unless I stop bleeding from a major blood vessel, the patient will die.

Additionally, Professor Eddy's views have recently been challenged in a paper by Professor David Sackett and his colleagues, published in the *Lancet*, which demonstrated that around 80 per cent of interventions undertaken in an acute medical ward of district hospitals indeed are based on sound evidence.

Yours faithfully,
MILES IRVING
Director
NHS Health Technology Assessment Programme
London, SW1
3 October

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Unnecessary Bill on immigration

From Mr Randhir Singh Bains

Sir: The Home Secretary's new Asylum and Immigration Bill, which threatens to fine employers of illegal immigrants, is an unnecessary piece of legislation. It appears to be designed not to tackle the problem of illegal immigration, but to bolster the Government's declining popularity in the opinion polls.

The pattern of illegal immigration to Britain is well-known. People from the Indian subcontinent enter Britain either as visitors or refugees. On arrival they apply to the Home Office for political asylum on the pretext that they are persecuted in their own countries. It usually takes 18 months to two years before their applications for political asylum are dealt with. While their applications are being considered, they manage to find

extremely low-paid jobs in Asian shops, stores and construction companies. By the time they hear the result of their applications, which almost invariably means rejection and deportation, they have enough money to go back and start business in their own countries.

If the Government is genuinely interested in solving the problem of illegal immigration, it should first put its own house in order by reducing the time-scale of dealing with asylum seekers' applications from two years to two months. To introduce legislation which is likely to adversely affect British Asians far more than asylum seekers would not only be a retrogressive step in the field of race relations, but also would unwittingly "legitimise" racism in employment.

Yours faithfully,
RANDHIR SINGH BAINS
Gants Hill, Essex
8 October

Down with stools

From Mr Ron Sonnet

Sir: Further to your report today about the attempts of police in Cheltenham to identify the causes of "pub rage" ("Officers sign up for 'drink patrol' in the line of duty," 7 October), in my extensive experience one of the prime causes of aggression is the provision of bar stools, and their use by clients who seem determined to demonstrate territorial rights by extreme reluctance to allow others either to order or to carry drinks away. The latter operation usually requires advanced juggling skills, some-

times a little impaired later in the evening, and is invariably a stressful and difficult operation.

Licencees could eliminate all this by simply removing the stools altogether, and when that is done, to designate their former place as a drinks ordering area, free from obstruction. This would cost nothing at all. The money saved on the upkeep of the stools could then go towards the installation of the little numbered ticket dispensers used in supermarket delicatessen counters, and then we'd all be happy.

Yours,
RON SONNET
Southsea, Hampshire

Insured at Lloyd's

From Mr Tim Willcocks

Sir: It seems rather ironic that Lloyd's is considering legal action over its rusty building (report, 6 October). Given that anyone who

had anything to do with the building will be insured, I wonder who, at the end of the day, will pick up the tab? Yours faithfully,
TIM WILCOCKS
Hastings

Crystal gazing

From Mr Ken Lewington

Sir: Your feature "Arts 2000: is this another piece in the puzzle?" (3 October) makes reference to a "new" Crystal Palace on London's South Bank. Why on earth put a Crystal Palace there, when Paxton's world famous site at Sydenham sits empty, waiting for a developer to install bingo, Burger King, bowling alleys and similar cultural attractions? This is its likely fate.

The best location in London, sitting high above the metropolis to the north and the Weald of Kent and beyond to the south, is begging for something which will do justice to the 21st century and to the astonishing vision of Prince Joseph Paxton. Yours faithfully,
KEN LEWINGTON
AUDREY HAMMOND
London, SE19

Musical accolade

From Mr Keith Spence

Sir: Writing about Scumann Heaney ("The delicate density of a genius," 6 October), John Walsh has got his composers slightly in a twist. It was not Brahms who said "Hats off gentlemen, a genius", the remark did not refer to Liszt. In any case, by the time Brahms was born in 1833, Liszt (born 1811) was already an acclaimed international virtuoso.

The accolade was written, not spoken, by Schumann about Chopin's variations for piano and orchestra on Mozart's *La ci darem la mano*, Op.2. Henry Pleasants, in his selection of Schumann's writings, says that the article marked Schumann's debut as a writer, and appeared in the Leipzig *Allgemeine Musikalische Zeitung* on 3 December, 1831. Yours sincerely,
KEITH SPENCE
Tunbridge Wells, Kent

صلى الله عليه وسلم

comment

Must Major drown in dirty blue water?

Alan Howarth and his former leader agree on decency and fairness. But other Tory voices are louder

Death and treachery: let no one say the Conservative Party fails to get its conferences off to a flying start. However tasteless it may be to mention this, Lord Home's timely demise gave the Tory leadership a chance to deflect attention from the loss of one of its MPs to Labour. Alec Douglas-Home, unlike Alan Howarth, was over the party servant.

Yet it is the ostracised Howarth who has more to say to the Conservatives now. Home was the courageous underdog who nearly, very nearly, revived the Tories in time to stop Harold Wilson. In 1963-4 he almost achieved what John Major did for real in 1990-2. But in almost every other way, he is a politician from another time. "One Nation" Conservatives cannot claim him. But the post-Thatcher right-wingers are not of his type of Tory, either; for one thing, he was far more radical than they on constitutional reform.

One word only links the former prime minister with the Howarth story. It's "decency". Despite Lord Home's involvement in Munich and his sharp-elbowed behaviour in fighting for the premiership when Macmillan retired, Tories here in Blackpool, milling round the bars, were speaking, quite rightly, of his decency. Major, too, is often described first as decent. It is a word that matters to the Tories, as to the country as a whole. Yet Alan Howarth has made the contemporary Tories' loss of "decency and fairness" his central justification.

He has thrown down a moral challenge. He told the *Observer* that politics aimed at the young unemployed were "moral garbage". He spoke about smooch of harshness in the party and,

later, said that he had spent three years urging it to "come back to its better nature". Only after despairing for one nation Toryism did he throw away a 23,000 majority and many friendships.

Leftish Tory admirers wish he had resigned his seat, too; his party workers are understandably furious.

But Alan Howarth has hardly gone for the soft option; he has chosen ostracism and loneliness in the Commons, with only a small chance of returning as a Labour MP, and has been rewarded by having his sanity publicly questioned. Brian Mawhinney has a curiously mischievous smile and the Conservative Party when angry is not a pretty sight.

But then, it never has been. The real question is whether the party has changed or whether Alan Howarth has. After all, it is hard to argue that Major himself is a harsh, punitive, indecent or immoral politician as compared with Margaret Thatcher, whom Howarth happily supported. Major is perhaps the single Tory MP who has been as passionate as Howarth himself about the evils of racism. His rhetoric has been as concerned with classlessness, opportunity and decency as any Conservative leader.

It was revealing that Major believed that had Howarth discussed his worries "with his friends" he wouldn't have left the party. Major thought of himself, however loosely and vaguely, as one of those political friends, a liberal Tory among other liberal Tories. He must have been genuinely shocked.

But Howarth had seen something about the Conservative Party that the Prime Minister - either because he is

ANDREW MARR
Columnist of the Year

There is a struggle going on for the soul of the Tory party

too close to the daily action, or because he chose not to see it - has missed. The party has toughened its rhetoric and sharpened its policies over the past couple of years to an extent that has depressed and even sickened a number of leftish Tory MPs.

On crime and punishment, Europe, welfare and immigration, it has been radicalising itself, importing modish ideas from Washington and seeming ready to blame the poor than to help them. At its rawest, this could be called the B-special agenda - boot camps, borders and blacks. A shiver ran through politics last week when Michael Howard's odd announcement on immigration policy happened to coincide with hysterical reporting of the OJ Simpson verdict, including a despicable front-page article in the *Daily Mail*. You didn't have to be a professor in semantics to decode it.

As the party struggles to find ways to outflank Labour, the attraction of

nasty populism, however carefully camouflaged, is intense. No wonder one nation Tories are uneasy. Xenophobia is fashionable. Hysteria about Europe is still spreading in the party and there's a mood of growing intolerance about society's failures, reflected in the attacks by both main parties on beggars. This is not the country at ease with itself they all hoped for.

In the party, the intellectual force is still with the right. One senses that it is less Major whom Howarth has left than Michael Howard, Peter Lilley, Michael Portillo, John Redwood and the rising Thatcherite tide of 1992 intake MPs and 1997 intake candidates. He is defecting from them, and from his vision of the Tory party as an organisation subsidising into British nationalism and social coercion. Defection is the worst sin at Westminster: but it's hard to avoid the thought that if a few more MPs were a bit less loyal to the mantras of party orthodoxy, politics might be more powerful.

What is harder to accept is Howarth's belief that the Tory left has been finally defeated and that one nation Conservatism should now be laid peacefully to rest alongside Lord Home of the Hirsel.

Though some of the party's most eminent names on the centre-left, from Douglas Hurd to Tristan Garel-Jones and Chris Patten, are retiring soon or in exile, the truth is that one nation Tories are still heavily represented throughout the Government. It is a comment on the state of the leadership that a leftish Tory has to defect to get a hearing, but even so, a party that sports Ken Clarke, Gillian Sheph-

hard, Sir George Young, Stephen Dorrell and Alistair Burt can hardly be described as a homogeneous clutch of neo-Thatcherites.

There is a struggle going on for the soul of the Conservative Party between harsh populists and agonised Tory reformers, but there always has been. It has been going on for a century and a half, moulding a party that has been intellectually incoherent but electorally triumphant.

Up to now, if the Tories fight a savagely populist election campaign now, blaming, punishing and warning, it will end with their moral destruction, as well as their political defeat. There would be dirty blue water between the parties but because Middle Britain prizes decency and fairness even more than the flag, the Conservatives would sink there.

What Howarth's defection ought to do for the Prime Minister is to jolt him into intervening in this fight. It is in his interests to do so, for a gap has opened between his own precious reputation for decency and his party's image in the country. He would be horrified to think people suspect him of preparing for an indecent and xenophobic campaign; but people do, for quite good reasons.

Howarth's message is simple: Major and the Tory left have lost the country's attention, and that the voice of quiet patriotism and moderation is coming from Labour instead. Defectors are hard people to listen to. But if Howarth's message made a difference to the Tories, if they really thought about what he was saying, he might, even at this late stage, be doing his old party a greater favour than his new one.

God's mysterious ways at the BBC

"People outside the BBC don't understand how the BBC works," smiles Eric Bosforth, who is Commissioner-General of the BBC. "And now, after all the changes that John Birt has made to the BBC, nobody inside the BBC understands how it works, either. That's good. It's moving us closer and closer to the truly enduring international organisations."

Such as IBM or AT&T?

"Well, I was thinking more of the Catholic church," smiles Bosforth, whose official title at the BBC is Commissioner-General but who is known to most people as Vicar. "Jesus's message was very simple. That was bad. The Church turned it into a very complicated series of reorganisations which very few people understood. That is good. That is why it has survived so long. There is always a creative tension in the Catholic church between the simple message of Jesus and the tortuous thinking of the hierarchy. The same is true in the BBC."

With John Birt playing the part of the Pope? "Something like that," smiles the Vicar. "There is beginning to be a resemblance, don't you think?"

Bosforth smiles a lot. People at the top of the BBC do smile a lot. So do people at the top of the Catholic church. The two kinds of smile are quite similar. In fact, they are identical. It is the smile of someone who knows. Or at least of someone who wants you to think that he knows. And who knows that you don't know. It's the smile of the doctor who wants you to think he has arrived at a correct diagnosis. It is the smile of the bishop for his flock. It is also the smile of the half-witted person glimpsed in a crowded tube train, but that is by the by.

"What you have to remember is that when John Birt arrived at the BBC, we were in tremendous financial trouble," smiles Bosforth. "He had to make economies. Everyone agreed on that. So we started setting up committees to see who could best be spared. And these committees decided that the people who could best be spared were those people who were not on committees to decide who could best be spared. So the decision-makers targeted the programme-makers, technicians, people like that. And we started shedding people like that. We made economies. This was good."

But surely the BBC is now in debt again, so much so that there was a great purge of programmes earlier this year, and many programmes already commissioned were cancelled? Was that because you had shed the people who made programmes?

"What you have to remember," says the Vicar, with the beatific smile of a man who has no intention of answering the question, "is that to begin with John Birt was right. There was a lot of slack. There was fat that needed trimming. There was overmanning. So we made economies, and they were good economies. But once you get into the habit of slimming down, you think that slimming is good for slimming's sake. So it could be said that we shed too many people, and slimmed too far."

You mean, the BBC got a sort of corporate anorexia? "You could call it that," smiles Bosforth, with the fixed grin of a man who doesn't like what you say but thinks you may be right. "We got into a situation where we had shed so many technicians and people that we ran short, and we found ourselves hiring the same people on a freelance basis, which of course was much more expensive. So many of the economies we had made turned into saving downturns."

Is "saving downturn" another way of saying that you lost more money?

With John Birt playing the part of the Pope? "Something like that," smiles the Vicar. "There is beginning to be a resemblance, don't you think?" Bosforth smiles a lot. People at the top of the BBC do smile a lot. So do people at the top of the Catholic church. The two kinds of smile are quite similar. In fact, they are identical. It is the smile of someone who knows. Or at least of someone who wants you to think that he knows. And who knows that you don't know. It's the smile of the doctor who wants you to think he has arrived at a correct diagnosis. It is the smile of the bishop for his flock. It is also the smile of the half-witted person glimpsed in a crowded tube train, but that is by the by.



MILES KINGSTON

"That's right!" says Bosforth, with the beaming smile of a vicar who has just learnt that the Church of England has lost millions of pounds through stupid investments, and that parishes are to be asked to help to make up the shortfall. "We lost more money! Instead of being in a better position we were in a worse position! Spot on!"

So what is the BBC going to do to restore its position?

"Well, we have finally located the core of the trouble. It's programmes. It's programmes that lose money. The making of programmes is not cost-effective. So you're going to cut out programmes altogether!"

"That's a bit utopian, but we're certainly making it more difficult to make programmes," says the Vicar, with the serene smile of a child who has seen a vision. "It's getting harder and harder for producers to understand producer choice. It's getting harder and harder for them to book studios. It's getting harder and harder to get any decisions made, so naturally the flow of programmes is slowing down. And that's good, because it's all saving money. All you need, really, is one programme to stay market leader, like *Pride and Prejudice* or like our next big one, *Mozart's Pupils*."

Tomorrow: a look at *Mozart's Pupils*, the programme that the BBC hopes will save its bacon.

Colin Powell is not yet running for America's top job - but he is in training. John Lichfield met him

A soldier with presidential vision



Colin Powell, too nice for a Republican

Photograph: Glynn Griffiths

General Powell, aren't you too nice to be a Republican? The question, although borrowed from a comment in his own book, takes the general a little by surprise. He looks irritated for a second; but then grins triumphantly.

It is true, he concedes, that many of his political pronouncements - pro abortion, pro welfare, pro gun-control, even, relatively speaking, pro Bill Clinton - make him an unusual Republican for the 1990s. He hasn't decided yet, he insists, whether he is a Republican. Or even whether he is running for president. He has taken non-Republican positions - and some rather more typically conservative ones - because he believes in them. This, the general implies, is also unusual for politicians in the 1990s.

The real point is - he now becomes animated - the real point is that despite these unRepublican positions, he is very popular with American voters, and very popular with Republicans. "All those guys, Dole, Gramm, Buchanan, they are all running on issues which are supposedly meat and drink to Republican primary voters. OK, then it's up to them to explain why I'm right up there in the polls and the others, Dole apart, are in single figures. How do they explain that?"

In theory General Colin Luther Powell is sticking by his word. He will not announce a decision on whether to enter the 1996 presidential race until next month. But the general is clearly, infectious, a man on a roll. His book tour of America shattered all records. With 1.4 million copies in print, *A Soldier's Way*, the story of how a poor black boy from the Bronx became America's top general, may become the Bible apart, the non-fiction best-seller of all time.

As the Republican nominee, he would be unarguably devastating. He would blow President Clinton out of the water (Republican votes plus black votes equals no contest). But before meeting the general in his London hotel room yesterday, I clung to the unfashionable view that he would not run next year: it was not possible for a man with his views, especially a black man, to win the Republican nomination. And to run as an independent and win would be impossible: no one has achieved it since George Washington.

General Powell, I thought, would ultimately agree on both these points. He would transcend his famous Powell Doctrine from the military to the political sphere: "Only take on clearly defined and achievable objectives and attack them with overwhelming force."

Listening to the general yesterday, it appears that I am right on the second point and hopelessly wrong on the first. General Powell's whole demeanour is that of a man savagely bitten by the presidential bug. He will not run as an independent, but he is clearly inclined to run as a Republican.

The book tour, he says disarmingly, is a dry run for a possible campaign: "to see whether a man 'who, up to now, only wanted to succeed as a soldier, can work up the same passion about politics'." How does he feel so far? "I manage to get through the days. I enjoy myself."

But why? Why does he want to be president? What would a President Powell do? The scores of press clippings on previous Powell interviews are strangely mute on this point. So is the book (often moving but, equally often, frustratingly bland). In his final chap-

'My impression is that Clinton's getting the hang of it at last'

ter, Powell tells us that he wants to rediscover a "sensible centre" in American politics; that "we have to start thinking of America as a family"; that "I would enter because I believed I could do a better job than the other candidates of solving the nation's problems."

I suggest this is rather vague. General Powell grows a little irritated again. He has laid out policy positions, he says, but they do not create headlines because they are generally sensible. First of all, the general says, he wants to reaffirm America's commitment to capitalism, free-market economics: he wants a country which keeps the government off the backs of the people.

But, just to be specific for a moment, how would a President Powell square the triangle of reduced taxes (something he supports), increased public investment in education, etc (something he supports), and reducing the US federal budget deficit (something everybody supports). The general says he has already gone on record that a Powell presidency would challenge the huge untouchables in the US budget: the nearly 50 per cent that goes every year on state pensions and health care for the poor, and elderly. Although he believes these things should continue

to exist, he implies that enormous savings should be possible.

But he suggests that detailed legislative programmes are not the stuff of presidential politics - and he may be right. Americans vote for presidents they feel comfortable with, people they can imagine inviting into their sitting-rooms. A president is not a prime minister, General Powell says. He is sovereign, head of state, head of the armed forces, and also head of government. The three presidents he served never quite managed to keep all four plates spinning, he implies.

Reagan and Bush were perhaps wanting as heads of government. Clinton has found it difficult to be taken seriously as head of state and sovereign. "But my impression is that he's getting the hang of it at last."

Isn't this an unusual compliment from a potential political rival? General Powell laughs with both shoulders: he is not, he says, a politician, not yet.

Beyond that, he says, he has a vision for America which falls into three parts: "I have a vision of a compassionate country, in which the wealthy are allowed to be wealthy but do not object to helping those less fortunate than themselves. I have a vision of a country which is finally able to face and fight its racial problems. I have a vision of a world which would be free."

The language - with its conscious recollection of Martin Luther King - is interesting. Colin Powell is sometimes accused of being a white man's black man. This is not really fair. Unlike many successful American blacks he does not deny his roots or the sacrifices of others. Martin Luther King included, who helped some American blacks to escape northern ghettos and southern apartheid. Powell's whole career, as recited in his autobiography, is an effort to prove that a black man could succeed on equal terms in the white world.

This is possibly the real explanation for the temptation of Colin Powell: he wants to be not the first black president but the first president who happens to be black. His troubles, of course, are only starting. Whatever the polls say now, the Republican primary campaign will be every bit as nasty and bruising as Powell's friends are telling him. There are 13 Powell maxims printed at the end of his book. I suggest that the most appropriate to his present dilemma is the fifth: "Be careful what you choose. You may get it."

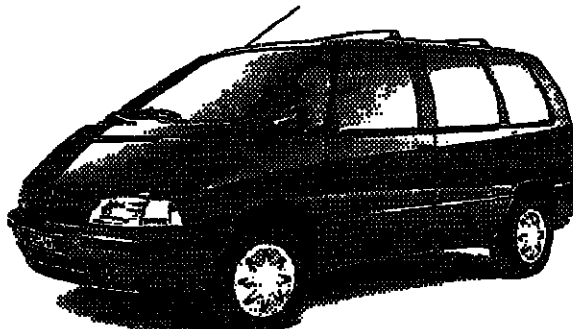
No, no, the general says, he is sticking with the first: "It ain't as bad as you think. It will look better in the morning."

by Tony Reeve and Steve Way

Generation Why



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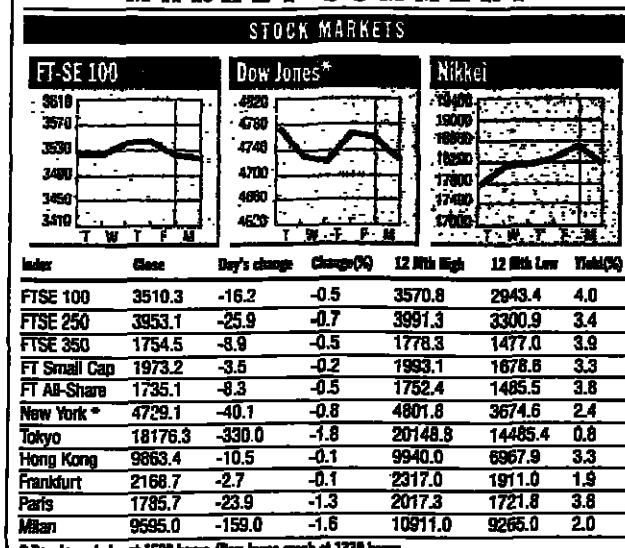


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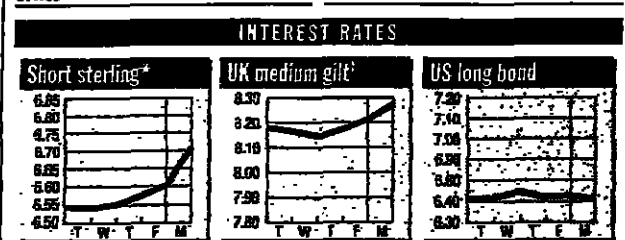


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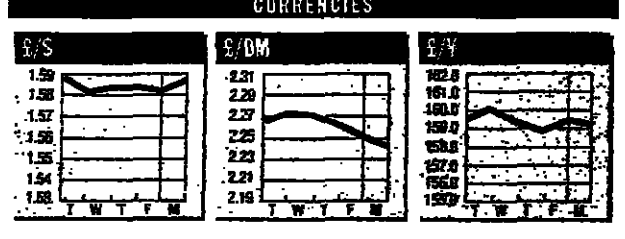
MARKET SUMMARY



MAIN PRICE CHANGES					
FTSE 350 companies (excluding investment trusts)					
Rises			Falls		
Price	Change	% Change	Price	Change	% Change
TSB Group	353.79	28.8	Eurotunnel	184.13	6.3
Cadbury	527.30	6.0	General Cable	194.13	6.3
Ryl Bank of Sci	484.20	4.3	Rascal Electronic	249.13	5.0
Scotts Holdings	647.25	4.0	Traveller House	29.5	1.5
St Ives	405.13	3.3	British Steel	167.25	5.7



Money Market Rates					
Bond Yields					
Index	1 Month	1 Year	Medium Term (2)	Long Term (30)	Yield (%)
UK	6.89	6.75	8.07	8.72	8.50
US	5.78	5.81	6.05	7.89	7.91
Japan	0.31	0.56	2.86	4.68	5.01
Germany	4.00	4.00	6.61	7.81	8.14



Pound					
Yesterday's Change					
Index	Yesterday's Change	Year Ago	Index	Yesterday's Change	Year Ago
\$ (London)	1.5888	+0.53	1.5905	0.6302	-0.21
\$ (New York)	1.5880	+0.30	1.5905	0.6305	-0.12
DM (London)	2.2413	-1.35p	2.4511	1.4121	-1.82p
Yen (London)	159.31	-10.18	159.40	100.41	-10.39
\$ Index	84.6	-0.5	89.1	92.5	-0.3

OTHER INDICATORS					
Yesterday's day's change					
Index	Latest	Yr Ago	Index	Latest	Yr Ago
Oil Brent \$	15.04	+50.18	16.86	RPI	149.9
S&P 500	384.76	+51.75	382.70	GDP	2.8pc
S&P 500	242.47	+50.29	246.90	Base Rates	6.75pc

Source: Datastream

IN BRIEF

Barings bond-holders in court today

The Barings bond-holders will be in court today to argue that they should be able to resist in court the Serious Fraud Office's decision to take over their private prosecution of the former Barings futures trader, Nick Leeson. The Serious Fraud Office has said that it wishes to take the case over and shut it down. The bond-holders, who lost £100m in the collapse of Barings, argue that Leeson should be tried in the UK rather than Singapore.

Gas licensing terms

Companies entering the domestic gas market will pay one-off licence fees of up to £3,000 plus an annual sum of up to £4,000 in addition to a fee for each site supplied, according to a consultative document published by the Government yesterday. But the proposals favour smaller firms supplying up to 10,000 sites, which will pay a much smaller amount. Tim Eggar, Minister for Industry and Energy, said that independent suppliers expected to cut £30 off the average bill of £300.

Cable & Wireless boosts Handyphone

Cable & Wireless has formed a consortium with Nippon Telegraph and Telephone, NTT Mobile Communications, Hongkong Telecom and Itochu to market the Personal Handyphone System digital cordless telephone worldwide. The group said that 100,000 PHS handsets have been sold in Japan since its launch in July. A new joint company, PHS International, will initially target Asian countries most suited to the technology.

Call for new accounting watchdog

A new supervisory body which would operate independently of the accountancy profession but include some input from practitioners should be set up to oversee regulation of accountants, says the Chartered Association of Certified Accountants in a paper published today. Under the plan, which is a development of its idea for an accountancy equivalent of the General Medical Council, the Auditing Practices Board would become a fully independent organisation reporting to the new body.

Clarke calls for debt relief

Kenneth Clarke, Britain's Chancellor of the Exchequer, has taken the lead in urging the powerful group of G7 industrial countries that debt relief for the low-income countries is necessary. Speaking yesterday at the IMF, Mr Clarke said: "I welcome the growing recognition within the international community that this is a problem which demands an early solution." The committee did not agree on a solution yesterday, but decided to spend six months drawing up debt relief plans.

Hamish McRae, page 22

National takes Southern stake

National Power has acquired 4.92 per cent of Southern Electric, one of the largest regional electricity companies. Last week National launched an agreed £10.10 per share bid for Southern, valuing the company at £2.8bn.

Tax sales boost Manganese Bronze

A 32 per cent rise in tax sales to 2,098 last year has led to more than doubled profits at Manganese Bronze, the UK's largest manufacturer. The pre-tax figure rose from £2.04m to £4.2m in the 12 months to July and MB is raising the total dividend for last year by 25 per cent to 5p, after a final of 3p.

Over-banked Britain: £15bn Lloyds-TSB merger escalates nation-wide battle for market dominance

Merger threatens 20,000 bank jobs

JOHN EISENHAMMER
Financial Editor

The battle for size in the fiercely competitive UK retail banking sector escalated sharply yesterday with the announcement of Lloyds' planned merger with the TSB.

The combined group will have over 3,000 branches and a workforce of 85,000, transforming it into the country's biggest retail banking company.

Banking cutbacks
Job losses 1990-end '95
Barclays 21,000
Lloyds 15,000
Midland 9,000
NatWest 23,000
TSB 9,000

Branch closures 1974-94
1974 14,908
1980 14,058
1988 13,131
1994 10,724

glomerate. Insiders warned of significant branch closures and job losses to reap the necessary efficiency gains from the Lloyds TSB Group plc, as it will be known.

The merger calculations are said to be based on an ambitious cost-savings target of £2bn over several years, which would require annual savings in the order of £400m.

The deal will give the six-member executive TSB board a potential £10m in share-option profits and special dividend payments.

As the TSB share price rocketed, the board was showing an immediate £7.4m profit last night. This is based on share options already exercisable, together with the expected proceeds of the special dividend of 68p a share, which will be worth £1.8m to them.

The executives also have share options exercisable from next month until the end of the decade, which were showing a



Merger windfalls: Sir Brian Pittman (left), and Sir Nicholas Goodison, set to gain £2m

paper gain yesterday of a further £2.6m. Sir Nicholas Goodison, TSB chairman, stands to collect almost £2m, and Peter Ellwood, the chief executive, is on course for £1.7m.

TSB shares rose 79p to 353p, and Lloyds rose by 21p to 726p, as the sector gave a mixed reaction to the potential competitive threat from a new banking giant.

Sir Brian Pittman, Lloyds' chief executive, has issued dire predictions for some time about the way the UK banking industry must go. Over-capacity has been increasing the pressure for job cuts and consolidation, as the big retail banks and building societies all crowd on to one another's patch, offering lending, pensions, insurance, and savings and investment products.

High street banks have cut more than 60,000 jobs in the past five years.

There was little doubt in Sir Brian's mind that size was essential for success. The broadest scope of outlets is needed to feed the increasingly varied range of financial products to customers. In particular, the chance to earn good profits in the mortgage lending business, where margins are under considerable pressure, is linked to achieving big volumes.

The Halifax-Leeds merger, and Abbey National's purchase

of National & Provincial, point up that others have drawn similar conclusions. Lloyds' takeover of Cheltenham & Gloucester building society this year showed where Sir Brian's ambitions were directed.

Yesterday's announcement intensifies the competitive heat on those players in the building society movement, notably the Woolwich and Alliance & Leicester, that aspire to the big financial service league.

The driving force behind Lloyds' strategy is mortgages, which the bank wants to grow into its biggest product. The acquisition of C & G gave Lloyds some 6 per cent of the UK housing loan market. TSB will bring its share up to 9 per cent, behind Halifax-Leeds and Abbey National-N&P.

As a means to this end, there is hardly a better strategic fit for Lloyds than the TSB, which, with only minimal corporate operations, is essentially a retail bank. Its geographical focus is

in the north of England and Scotland, against Lloyds' southern bias. Lloyds has a more up-market image, while TSB is very "stodgy" and blue-collar.

Within the merged group, this offers considerable potential for branded marketing, which Sir Brian is known to be much exercised about, with C & G as the main mortgage label. TSB for simple banking products, and Lloyds retaining the mantle of the more sophisticated service and products.

The comparative lack of overlap, and the fact that the merger would make little difference to the highly sensitive small business lending market, are reasons why Lloyds stands more of a chance of escaping an MMC reference of the sort that terminated the ill-fated bid for Midland Bank in 1992.

But the merger still offers considerable scope for efficiency savings. Perhaps as many as 500 of the 3,000 branches will close, and the

90,000 combined workforce could drop by 20 per cent over several years.

Equal scope for efficiency gains exists in the other big areas of fixed costs - the two head offices and investments in IT. By bringing together cheque-clearing, processing and money-transmission mechanisms, Lloyds TSB could find substantial synergies.

For the TSB, the merger ends a long period of privatisation. Too small to make its mark, it had toyed with buying a building society, but never took the final step. However much it cut its costs, its underlying business struggled to gain momentum.

But there is a reward for effort for Mr Ellwood, TSB's chief executive, who, by leading the crucial job of integrating the dominant retail side of the business, looks well positioned to take over from Sir Brian as the head of Britain's planned banking leviathan.

Pledge to protect links with charities

PETER RODGERS
Business Editor

Lloyds Bank is expected to include special provisions in a takeover of the TSB to protect the position of charities that are the single largest shareholders.

The TSB Foundations have 5 per cent of the group's capital in the form of limited voting shares, which entitle them to 1 per cent of pre-tax profits, averaged over three years.

The foundations were set up to replace the local charitable activities of the old Trustee Savings Banks. They are the only link with the 19th-century savings banks, which were amalgamated in the 1970s to form the banking group eventually floated as the TSB in 1986.

The TSB refused to say what would happen to the charitable activities except that their position would be "fully reflected" in the details of the proposed merger. Lloyds Bank refused to comment but said that it was a member of the Parent Club, and voluntarily donated 0.5 per cent of profits to charity.

Lloyds TSB's charities have received £17m from the group since flotation, a low figure reflecting the bank's poor performance.

For most of the 150 years, the TSB had been no more than a loose grouping of savings banks, which, until the Sixties, did nothing but take deposits from the public and invest them in government debt. They were governed by self-perpetuating boards of local trustees and supervised by the Treasury.

In 1973, a government committee recommended turning them into full service banks, leading two years later to the merger of the 72 that remained into 20 banks. By 1983, the figure was down to four.

The TSB were not owned by the government nor by their depositors - a fact that was established after a lengthy legal wrangle ending in the Lord, which decided that there were no owners; so all the proceeds of the flotation were kept by the bank. As many had predicted, the TSB used its unaccounted wealth for a spurge of unwise acquisitions, of which the most spectacularly bad was, in 1977, the purchase of Hill Samuels in October 1987.

The bank that liked to say it became a byword for poor management and confused strategy until Peter Ellwood, the new chief executive, decided to go back to the basics of retail banking and insurance.

Railtrack flotation set for spring

PETER RODGERS
and MARY FAGAN

Sir George Young, the transport secretary, is expected to announce tomorrow at the Tory conference that the Railtrack flotation will be in the spring. With Ian Lang, the President of the Board of Trade, likely to confirm on Thursday that the nuclear privatisation is slated in for summer, the Government appears set on running the two sales in quick succession.

Both advisers and ministers fear that if either of the two controversial privatisations is allowed to slip further it will run dangerously close to the early stages of the election campaign, which is likely to begin in the autumn whatever date is

eventually decided for the poll. Sir George has so far stuck to the formula that the privatisation will be within the lifetime of the present parliament, but officials have been working on a timetable for a sale between February and June for some months.

Railtrack has said it will be ready for privatisation in the new year. However, there is increasing reluctance to put the company on the market until it has completed a second full financial year in March. This indicates April at the earliest for the sale, which is expected to fetch £1.5-£2bn. The City is also likely to want further evidence of progress on the privatisation of British Rail Infrastructure Services, the companies which

contract with Railtrack to maintain the rail network and which are critical to cutting Railtrack's costs.

The government's hopes of privatising a large part of the nuclear industry by next summer have been overshadowed by the problem of fitting the sale in with the Railtrack flotation. Advisers believe they have convinced ministers that the City will be willing to buy both in quick succession.

There is also a view in the City that the £2.5bn nuclear sale could be delayed if the Government decides to refer the takeover bids by National Power and PowerGen to the Monopolies and Mergers Commission. Both generators have tabled agreed bids for regional

electricity distribution and supply companies.

A DTI source said that the effect on nuclear privatisation of a referral would depend on its terms and timing. One possibility is that the desire to sell the nuclear company could tip the balance against a reference in spite of political pressure to call the bids in.

RTZ establishes £13bn Australian connection

MAGNUS GRIMMOND
and agencies

RTZ moved yesterday to cement its position as the world's biggest mining group with a £13bn merger with CRA, its Australian associate. Robert Wilson, RTZ chief executive, is to be full-time chairman of the new group when Sir Derek Birkin leaves the British group in December 1996.

The merger, which will be effective from January if all approvals are received, is to be achieved by establishing a dual listed companies structure, without transferring assets, to create a dual-nationality group similar to Royal Dutch-Shell or Unilever. Sir Derek said: "It further reinforces our competitive advantages at a time when new prospects are opening up world-wide."

He ruled out any of-

Gemina grounded by inquiry

ANDREW GUMBEL
Rome

Italian business leaders yesterday faced an embarrassing setback in their plans to create a giant new industrial conglomerate when share trading in the key holding company, Gemina, was suspended indefinitely following a judicial investigation into its accounting practices.

Gemina, which is controlled mainly by the Agnelli family and the powerful merchant bank Mediobanca, was due to be merged with the Montedison-Ferruzzi group in the next few months. Bigger than anything in Italy apart from Fiat, the company would produce everything from chemicals to newspapers.

But the deal looked in serious trouble after magistrates in Milan announced over the weekend that they were formally placing 10 senior Gemina executives under invest-

Head of Lucas aerospace resigns

RUSSELL HOTTEN

The managing director of Lucas Industries aerospace operation, Frank Turner, is leaving as part of a restructuring that will scale back its aerospace interests. It is thought Mr Turner was unhappy about heading a smaller division.

Lucas yesterday posted profits of £30.4m after exceptional items, against a loss of £129.7m last time. Excluding exceptional items, profit was £135.8m, against £84.2m last time.

Aerospace, which now accounts for about 17 per cent of the company's £2.6bn turnover, will diminish further with the planned disposal or closure of

its US-based Western Geared Systems division. He is replaced by Ken Maciver, head of Lucas's systems division. Lucas said Mr Turner's departure was not connected to recent US legal action involving Western.

Lucas announced a new structure of five core areas: brakes, diesel systems, electronics, after-market sales, and aerospace. George Simpson, chief executive, said: "We have closed the history books on major problems and put in place a simplified business structure which will provide a clear focus for our development."

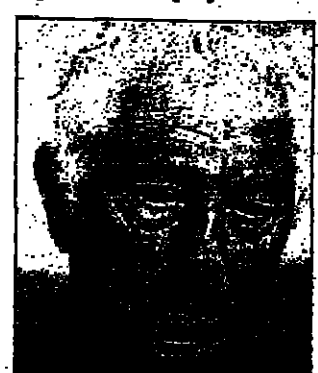
The final dividend was maintained at 4.9p, giving an unchanged 7p for the year.

mean much in itself. We'll have to see what it is all about."

Tax inspectors spent the weekend removing documents from Gemina offices, and yesterday moved on to the group's two firms of accountants, Arthur Andersen and Coopers and Lybrand.

The news came as a bombshell to the Italian business community and made suspension in share trading virtually inevitable. The Milan bourse regulator, Consob, waited one hour yesterday morning but then pulled Gemina out of the market indefinitely as shares opened nearly 10 per cent down on their closing price on Friday.

The company, whose other interests include banking, textiles and metals, has been in trouble ever since the merger with Ferruzzi was announced at the beginning of September. With domestic and international investors questioning the



Gianni Agnelli: Denounced for high-level machinations

مركز الامم

Sir Brian's retail behemoth moves a step closer

COMMENT

"What emerges is a very different sort of bank from the others, offering everything from traditional retail banking through insurance and mortgages to Peps and other personal saving plans"

For Sir Brian Pitman, chief executive of Lloyds Bank, this may be a case of third time lucky. First he was thwarted over Standard Chartered, then stymied on Midland. Eventually there was the consolation prize of the Cheltenham and Gloucester building society, but for Sir Brian, this was never going to be anything more than an *hors d'oeuvre*. With the TSB now being garnished for the main course, Sir Brian may be able to end his career on a high note after all. Unlike Midland, this is a deal that doesn't look like being whisked away from him before he can eat.

On the face of it, the takeover by Lloyds of another major high street bank involving thousands of job losses, is as clear a case for reference to the Monopolies and Mergers Commission as you could get. A number of things have changed since Sir Brian's abortive tilt at Midland, however. For a start, the market has become more competitive and fragmented. Furthermore, the Government is now more sympathetic to the case for consolidating mergers, even those involving very substantial job losses, than it was. Banking, defence, media, the utilities, investment banking, there is scarcely a sector that hasn't escaped some kind of action; the Government has tailored its mergers policy to accommodate it.

Though this takeover will make Lloyds into Britain's largest bank in terms of employees, branches and market value, it will not involve the same dominant position

in key market segments that went with Midland. The banking leviathan that emerges is a rather more acceptable one. The amount of rationalisation involved is not as radical, nor will the emergent beast be so self-evidently the anti-competitive force that the Midland one would have been. TSB is strong in Scotland and the North; Lloyds in the South. The geographical fit is better, and the consequent branch closure programme less severe.

Even so, Lloyds cannot expect an entirely free ride. The job losses and branch closures are bad enough and while most people in business understand what Sir Brian means when he talks about chronic over-capacity in high street banking, politically it is hard to sell an efficiency driven deal such as this one at a time when banks are enjoying record profits. Sir Brian always argues a powerful case, but you have to wonder whether the idea behind a takeover that transforms Lloyds into Britain's most powerful high street bank is really as much about serving the customer as it is pretended.

But let's give Lloyds the benefit of the doubt. Certainly what emerges is a very different sort of bank from the others, one that begins to resemble the retail financial services giant that Sir Brian dreams of creating, offering everything from traditional retail banking through insurance and mortgages to Peps and other personal saving plans.

It is no coincidence that the TSB too was

looking for a building society takeover. The merged bank will have a 10 per cent share of the mortgage market, dramatically distinguishing it from other clearers.

Even the TSB's investment banking operation, Hill Samuel, neatly fits Sir Brian's strategy, with its strong bias towards private client business. Who would have guessed that such a disastrous and expensive diversification as Hill Samuel could have ended up suiting anyone's purpose, let alone that of one so fundamentally averse to the risks and culture of investment banking as Sir Brian Pitman?

For shareholders in TSB, this is probably a fate as reasonable as could have been hoped for given the bank's abominable record since privatisation in 1986. TSB was a unique animal, a bank that owned itself, so when it was sold to investors, all the proceeds went into its own coffers.

The result was a squandering of inheritance of almost heroic proportions. Hill Samuel and its ill-fated attempt to expand into the corporate lending market was only the tip of the iceberg. The fact that shareholders are showing a profit at all is testimony only to the extent of the original privatisation giveaway.

Despite these failings, the TSB remains fundamentally a sound bank with an information technology setup in credit cards, credit control and telephone banking that Lloyds can usefully apply elsewhere. Assuming Lloyds is allowed to proceed, the TSB

should ultimately prove a far more appropriate and profitable consolidation than Midland was ever likely to be.

Don't blame the gnomes of London

By jacking up interest rates, the Banque de France has bought time for the embattled French franc. But it seems highly likely that those shadowy "gnomes of London" will be back in force before long. It always makes good copy to knock the speculators, as Prime Minister Alain Juppé did over the weekend, but more often than not there is reason to their nefarious activities. The franc is under attack because there is a fundamental clash of objectives at the heart of economic policy in France.

During the election campaign, Jacques Chirac made a reduction in unemployment his chief priority. The government is committed to creating 700,000 new jobs by the end of next year. The social problems that led to this pledge are as pressing as ever. Last week, Yves Galland, the industry minister, said that if something were not done about unemployment and poverty, France could face an upheaval similar to the May 1968 riots.

Jacking unemployment requires long-term measures to deal with its structural causes - like excessive employer social security costs and a minimum wage that is set too

high, particularly for young people. But in the short-term, the best cure for unemployment is an economy that is rattling along.

When output was growing at about 4 per cent at the end of last year, the jobs count was falling. Now that the economy is growing at about 2.5 per cent, the fall in unemployment has stalled. Furthermore, growth is expected to slacken still further in the next few months. With the end of the temporary stimulus of measures introduced by Edouard Balladur, the former prime minister, to help car sales, consumer spending is likely to start falling off once more.

The sharp deceleration in the French economy is mainly because monetary policy is too tight. With inflation at 2 per cent, real interest rates are now over 5 per cent - and this in an economy that is only in its second year of recovery.

What the gnomes of London are telling Alain Juppé and Jean-Claude Trichet, the governor of the French central bank, is that they need to cut interest rates rather than raise them. That easing of monetary policy makes all the more sense in the light of the proposed tightening of fiscal policy as part of the French government's attempts to meet the Maastricht convergence criteria.

Blaming the speculators is like blaming the messenger. Better to read the message, take stock and change policy to one that makes sense. Defending the franc at present levels is a no-win game.

Inflation pushes sterling into dip

PAUL WALLACE
Economics Editor

Worse-than-expected inflationary pressures in manufacturing took their toll on the markets yesterday, against a background of political worries generated by the defection of the Tory MP, Alan Howarth. Sterling fell, gilts dropped back and hopes of an early cut in interest rates receded.

At the London close, the trade-weighted index of sterling had fallen from 85.1 to 84.6. The pound ended the day at DM2.2413, 1.5 pence down against the mark compared with Friday. However, against the dollar, the pound rose half a cent to close at \$1.5867.

"Sterling is always vulnerable to politics," said Kit Juckes, currency strategist at NatWest Markets. "Following the defection of Mr Howarth, some people have been nervously re-doing the arithmetic on the timing of the next election, with an increased awareness it might come sooner than anticipated."

The City was also taken aback by the fact that the annual rate of inflation in fuels and materials purchased by industry rose from 9.2 to 9.5 per cent. The rise, the first since April, surprised the markets, which

had been expecting a further decline to under 8 per cent. Meanwhile, factory gate inflation which had fallen in August to 4.4 per cent rose back again in September to 4.5 per cent.

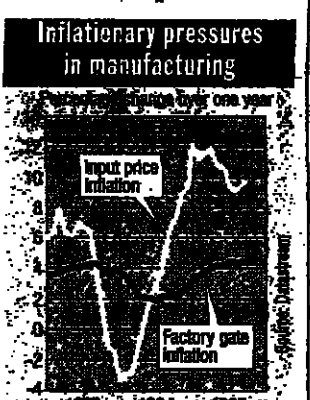
The markets' reaction was to mark down the price of the December short sterling future which indicates expectations of short-term interest rates. By the end of the day's trading, the contract was implying interest rates of 6.71 per cent, a rise of 10 basis points, taking it close to the existing base rate of 6.75 per cent. As recently as Thursday, the markets were anticipating a cut in rates to 6.54 per cent. Gilts also fell sharply on the news, with the December gilt future losing more than half a point on the day.

"There was no scope in these figures for an early cut in interest rates," said John Sheppard, chief economist at Yamachi International. "They were poor, particularly on the input side, where they were considerably worse than expected. The key question they pose is how far this pressure will be passed down the chain. The longer it persists the higher the risk of some ultimate impact on retail prices."

The monthly increase in input prices in September was a seasonally adjusted 0.9 per cent,

much higher than the 0.2 per cent expected by the City. Back revisions to the data made the release still more disappointing. The monthly increase in input prices was raised from 0.5 to 0.8 per cent for June and from 0.1 per cent to 0.5 per cent in August, taking the annual rate in August up to 9.2 per cent rather than the 8.9 per cent previously registered.

Despite the jolt to hopes for a sustained downturn in input prices, the increase in prices was not across the board. Instead it was concentrated in two sectors, home-produced manufacturing inputs, particularly animals for slaughter, and crude oil. The exceptional weather over the summer may have played a role in the unexpected rise.



Markets still sceptical on beleaguered franc

PAUL WALLACE
Economics Editor

A rise in interest rates of over 1 per cent by the Banque de France brought respite to the beleaguered French franc. But the foreign exchange markets remained sceptical about the ability and commitment of the French government to sustain a prolonged defence of the franc with higher interest rates. After falling to 3.53DM in early trading, the franc recovered to 3.51 after the French central bank raised its overnight rate from 6.15 to 7.25 per cent. Three month rates rose to 7.40 per cent from 6.375 per cent. The Bundesbank also pitched in with some verbal support: its president, Hans Tietmeyer, said today's decision from the Bank of France will help to overcome the recent uncertainties in the currency markets. The finance minister, Jean Arthuis, strove to convince the

markets about the underlying strengths of the French economy. Speaking in Washington at the IMF meeting, he said that the outlook for competitiveness, inflation and growth was good, and the government deficit was on a downward path. However, in London's foreign exchange markets there remained big question marks about the sustainability of French economic policy. The Banque de France strategy of raising interest rates was seen as offering only short-term support.

"This is only a holding measure in the hope the problem goes away," said Kit Juckes, currency strategist at NatWest Markets. "The French economy is in no shape to survive a protracted period of higher interest rates."

"I don't think it will hold the line," said Paul Mortimer-Lee, chief economist at Paribas Capital Markets. "We're in for a further period of pressure in which you could see the franc falling to 3.60 or 3.65."

The doubts in the currency markets about the step taken by the Banque de France stem from a widespread belief that the French government has incompatible policy objectives. On the one hand it wants to cut the budget deficit in order to meet the Maastricht convergence criteria for monetary union. On the other hand it wants to reduce unemployment which President Chirac described as his "priority of priorities" in the election campaign. The trouble is that as the government reduces the budget deficit, so it needs to ease monetary policy in order to bolster economic activity and increase jobs. This leads to the conclusion that the central bank will not be able to defend the currency through higher interest rates for long.

Data expert told: 'scrap files'

NIC CICUTTI

A systems expert formerly employed by the media tycoon Robert Maxwell told a court yesterday how she deleted documents stored on his computer by order of the publishers' youngest son, Kevin. Liza Payne, the 69th witness to testify at the Old Bailey trial, said that about three weeks after Robert Maxwell died at sea in 1991 she asked Kevin Maxwell what to do with the documents. He told her to get rid of them, she alleged.

However, questioned by Kevin Maxwell's defence lawyer, Alan Jones QC, she admitted that all the information, including memos and letters, was not destroyed because it was still in the back-up system and on hard copies. She said that she supervised



Day 76

the back-up system that ran an automatic program overnight. Monthly and annual back-up reports were also done. A few days later, when police and investigators from Britain's Serious Fraud Office requested the information from the chairman's system, she retrieved them from back-up tapes, Ms Payne told the court. Ms Payne said that as systems co-ordinator for the chairman's

office of Maxwell Communications Corporation, she was responsible for maintaining the computer files and back-up system. "I asked Kevin what I should do with Robert Maxwell's documents now that the secretaries were gone - they were taking up space on the computer. He said I should delete them, get rid of them," she said. Ms Payne added that she had asked Kevin what to do with the information because it was clogging the computer system and slowing it down. Kevin Maxwell, his brother Ian, and former company director Larry Trachtenberg, deny conspiring to defraud pensioners by misusing pension fund assets to raise bank loans. The prosecution is expected to formally close its case when the trial resumes today.

Tokyo says it knew of losses at Daiwa

RICHARD LLOYD PARRY
Tokyo

The escalating Daiwa Bank scandal threatened to draw in the Japanese government yesterday, after an admission by the finance ministry that it knew of the bank's \$1.1bn (\$670m) in bond losses 41 days before they were reported to the US authorities.

The two top executives of Daiwa announced their resignations yesterday as a gesture of responsibility for the losses run up by a rogue trader at the bank's New York branch. "The bank intends to make a fresh start by improving the management and supervisory systems," said the departing president, Akira Fujita. The chairman, Sumio Abekawa, will also step down in the spring.

But the awkward questions raised by the debacle multiply. On Friday, Daiwa officials admitted that in a 1992 inspection they concealed their failure to separate the bank's bond trading and record-keeping operations - the failing that allowed an executive vice president, Toshihide Iguchi, to accumulate

immense losses over 11 years. Mr Iguchi is in custody on fraud charges, but Daiwa also acknowledged for the first time that several other employees in New York had been involved.

Yesterday, the ministry of finance announced that its on-going investigation had uncovered an earlier, unreported bond loss of \$97m incurred between 1984 and 1994 at the New York branch of Daiwa Trust Co., the bank's investment trust arm.

Perhaps the most serious of yesterday's revelations concerned the time lag between Daiwa's notification of its loss to the finance ministry and the report to the Federal Reserve. The outgoing president, Mr Akira, received a letter of confession from Mr Iguchi on 24 July, and informed the ministry's banking bureau on 8 August. But it was not until 18 September that the federal authorities were informed. Both US federal law and the state banking regulations of New York require that financial institutions report illicit activities immediately. "We wanted to avoid inflicting damage to the Japanese fi-



Loss of faces: Takashi Kaiho (left) will become president of Daiwa Bank, replacing Akira Fujita (centre). Sumio Abekawa, chairman, (right) has also resigned

nanial system, which was already facing a series of collapses with the Cosmo Credit Corporation in July, and Hyogo Bank and the Kiizu Credit Union in August," said Mr Abekawa,

the departing chairman. The vice finance minister, Kyosuke Shinozawa, said "it is Daiwa Bank, rather than the ministry, which has the obligation to report the incident".

But it is certain to provoke suspicions there was collusion between the ministry and Daiwa to allow the bank to cover its losses before revealing them publicly.

Arco lifts offer price for Aran

MARY FAGAN
Industrial Correspondent

The battle for control of the Irish oil company, Aran Energy, intensified yesterday as Arco of the US raised its offer to up to £182m and Statoil of Norway confirmed that it may launch a counter-bid. It also emerged that Arco approached Aran last Friday in the hope of discussing an agreed takeover, only to be told that the company was in talks with a potential white knight.

Arco's renewed offer compares with an earlier bid of £160m and is below the level expected by some City analysts. The value of the fresh offer could also fall if Aran's shareholders approve a deal agreed two weeks ago with Statoil in relation to the Connemara field off the west coast of Ireland.

Under the Connemara deal, Statoil has six months to decide whether to pay millions of pounds for the cost of drilling and testing in the area in return for taking half of the production from the field. Arco said that the arrangement transfers value away from Aran and has dented an alternative offer of £177m if shareholders agree the deal.

Arco also attacked Aran's decision to seek shareholder approval for the Connemara move on 23 October, the day before Arco's offer closes. The US group said: "Aran's decision to select a meeting date of 23 October 1995 is a blatant attempt to frustrate the due process of Arco's offer and, as a consequence, to complicate matters for Aran's shareholders."

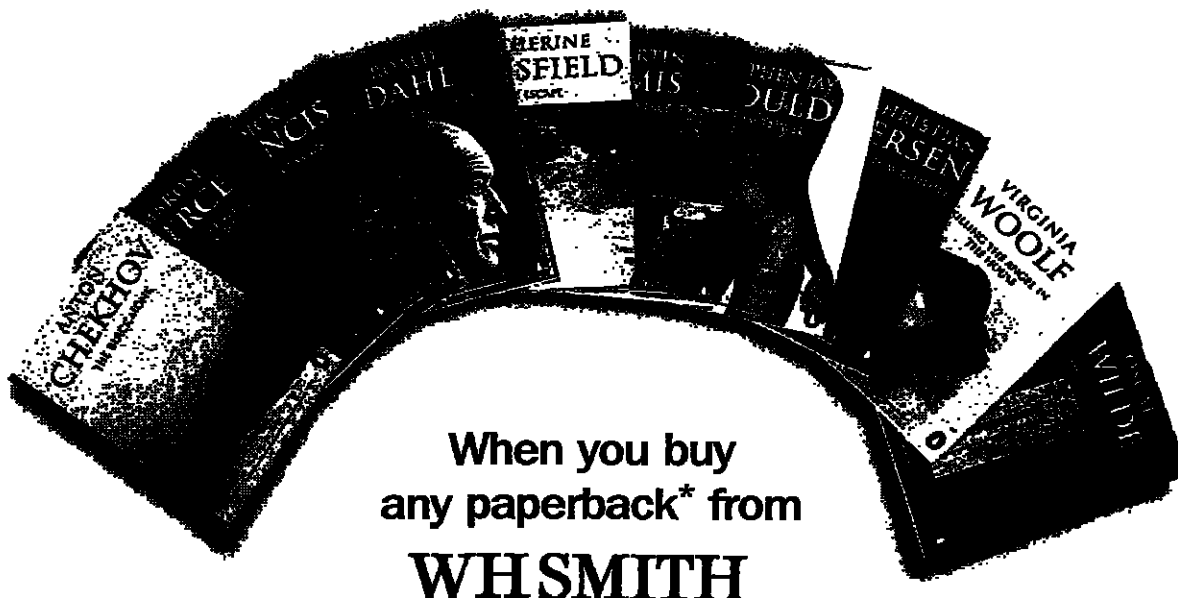
Arco is believed to have increased its offer on the basis of the value of Aran's stake in the Schiehallion field west of Shetland - widely thought to be the main reason for the US group's bid. But Arco's valuation of £182m is still far short of Aran's figure of £177m.

The renewed offer values Aran's shares at up to 69.5p compared with last night's closing price of 73.5p, an increase of 0.75p on the day. Michael Whelan, Aran's chairman and founder, said: "There is nothing in this that we can possibly begin to recommend. It is simply not adequate."

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Harsh realities of national interest

There is a great temptation in the financial markets to wind up expectations ahead of Group of Seven meetings: the idea that when the finance ministers of the world's largest seven economies get together they must emerge with some grand policy initiative to tackle the markets' preoccupation of the day. When they don't, the markets duly profess disappointment and accuse them of complacency.

Sometimes the concerns of the markets prove justified, there is some kind of dramatic movement either in bond or currency markets, and either policies do change, or the markets get so far out of line that a spontaneous reaction takes place. And sometimes the markets have simply got things wrong.

The weekend meeting of G7, ahead of the IMF and World Bank meetings which start today, already fits into this familiar pattern for the markets yesterday were in their usual ill-tempered mood. But to focus on this seems to me to miss a much bigger and more interesting change which is taking place in the relationship between the governments of developed countries and financial markets. It is a change which has been happening for perhaps a couple of years but it became rather clearer over the weekend.

For a decade at least, governments have been aware that they have to frame their economic policies to fit the concerns of the markets. They frequently resent it, witness the comments by the French prime minister, Alain Juppé about the "gnomes of London" attacking the French franc. But the disciplines are accepted, maybe reluctantly.

What has been lacking in the developed world until very recently is the realisation that these externally-imposed disciplines, far from being a somewhat unwelcome limit on the democratic freedom of a government, might actually be a positive protection of democracy. Thus, far from resenting the markets' preference for, say, a balanced budget, governments ought to welcome it.

Here the attitude of developed countries has lagged behind that of many developing ones. The great intellectual revolution in the developing world over the last ten years is the way governments have seen the liberating effects of access to international capital and investment. Provide reasonably sound economic policies and the money and physical investment flows in. A country's economy can be transformed in a decade by such foreign investment. Without it, similar progress would take a generation at least, and might not happen at all.

Thanks to such growth, the large industrial countries are



ECONOMIC VIEW
HAMISH McRAE

less important in relative terms than they were a decade ago. The new IMF *World Economic Outlook* expects that the developing countries will account for a larger share of the world economy than the developed ones by 2004. But they are also less important in the world of economic ideas, for they have been slower to see the rise in the power of international capital markets as an opportunity, rather than a threat.

They are changing their tune now. This change is encapsulated in a paper published here by the IMF under the off-putting title of *Saving Investment and Real Interest Rates*. It is actually a revolutionary document. For the last year a team

The disciplines of the market may be a protection of democracy

led by Mervyn King of the Bank of England, has been analysing why real interest rates are exceptionally high at the moment. This might seem an arcane issue, but it is of enormous practical consequence. For the private sector, high real interest rates are bad enough, for they tend to inhibit investment and thus tend to lead to slower growth. But for the public sector high real interest rates are a doomsday machine.

If real interest rates are 2-3 per cent, it is possible for governments to contain the growth of the national debt. The precise mathematics depend on the growth of the economy and the size of the debt, but you can see the general picture. Economies of developed countries grow at 2-3 per cent, and national debt is typically 50-100 per cent of GDP.

So a government can match taxes and spending on services and rely on growth to cover the interest so that national debt does not rise as a proportion of GDP. But with real rates at 4 per cent governments have to set aside more and more revenue simply to cover the interest on previous borrowings.

So the higher real interest rates, the greater the extent to which governments have to punish present taxpayers for the sins of previous governments. The arithmetic is made worse still by the ageing of our populations. Not only are we piling up debts which have to be ser-

viced at higher real interest rates: there will be fewer workers to pay this interest and more pensioners who have claims on public spending.

Britain, as it happens, is relatively well placed, partly because the debt to GDP ratio is unusually low (just on 50 per cent) and partly because our demographic profile is less unfavourable than most. Italy and Belgium have debts of more than 125 per cent of GDP and have to run large primary surpluses just to stay in the same place. Doomsday looms.

Of course governments have become increasingly aware of these Malthusian problems, but they have never formally confronted them as a group. Last weekend the summit countries, plus Belgium, the Netherlands, Sweden and Switzerland accepted this report and by implication its remedy.

The remedy? Only by saving more can countries cut real interest rates. "The swiftest, surest and most equitable way to raise national saving would be to reduce fiscal deficits." Now a report is a report and nothing more. Governments can agree on it and do precisely the opposite. But here the discipline of the markets kicks in, for if they do ignore fiscal reality, the markets impose "significant penalties in the form of higher interest rates". National self-interest, the report argues, requires the pursuit of sound economic policies.

But not just national self-interest: also equity between generations. The report points out that a government deficit is postponement of taxes. So the markets, in punishing governments which run deficits, are on the side of the children and the unborn. Far from being an amoral force, imposing an arbitrary discipline which challenges democracy, the market gives a voice to future voters in a way the ballot box cannot. It reinforces democracy.

All this may seem a long way from whether interest rates and share prices will go up or down. But it is the key to future market movements. We are too close to the change in mood among governments to be able to see it properly, just as it was impossible in the early 1980s to see the beginning of the conquest of the market economy across two-thirds of the world.

But one thing we can see. Tell M. Juppé that French fiscal policy needs to be tightened because London foreign exchange dealers want it and not much will happen. But if it is the French national self-interest that is a rather different matter.

Warning lowers Oliver

RUSSELL HOTTEN

Shares in Oliver Group, the footwear retailer, plunged 25p to 37p yesterday as the company warned that losses would deepen in the second half.

The company, which blamed poor shoe sales to children returning to school, said there would be no final dividend. Oliver, which reported a £3.1m deficit at the half year, had also passed the interim payout to shareholders.

Oliver, which last month appointed the Olympus Sports chain founder Martin Watts as group managing director, issued a profits warning in June in advance of publication of the interim results on 4 September.

The company said yesterday that trading had deteriorated "rapidly" since the interim. Oliver said the "crucial back-to-school season had been extremely poor and seriously below last year's achievement and our expectations." The company expected heavy discounting and margin pressures to continue throughout the second half.

Debbie Cassidy, the former Boddington's chairman who had nursed Oliver back to health before the recent setbacks, said deteriorating consumer confidence was to blame.

The number of UK stores had been cut to around 340 from 440 two years ago. But under Mr Cassidy, Oliver is starting to expand again, and last year launched a self-service store format called Paris.

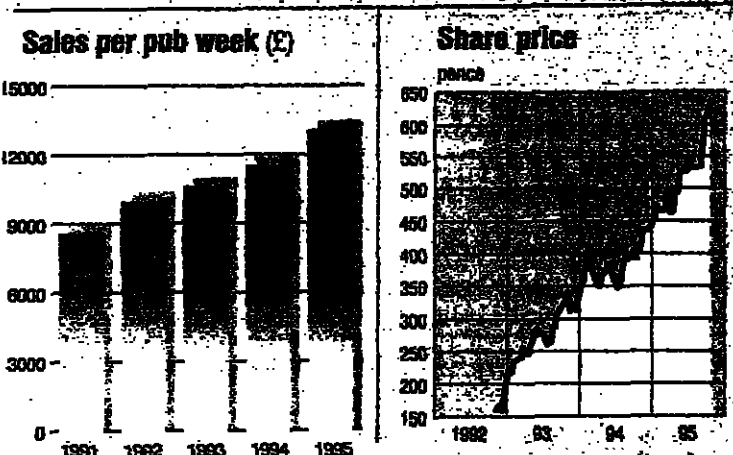
In the six months to 1 July, Oliver made pre-tax losses of £3.15m, against £1.65m last time, and came despite a rise in turnover from £32.2m to £34.5m.

Age begins to tell at Wetherspoon

THE INVESTMENT COLUMN
Edited by TOM STEVENSON

JD Wetherspoon: at a glance

	1991	1992	1993	1994	1995
Market value, £220m, share price 630p					
Five-year record					
Turnover (£m)	1.10	0.93	4.77	6.45	9.71
Pre-tax profit (£m)	1.10	0.93	4.77	6.45	9.71
Earnings per share (pence)	1.9	2.4	5.4	6.9	8.8
Dividends per share (pence)					



Figures for the year to July showed that the remarkable growth of the past few years continues, with pre-tax profits up 50 per cent to £9.7m from a 47 per cent rise in sales to £68.5m. Following last year's rights issue, earnings jumped less, by a third to 24.6p, allowing a 21 per cent hike in the payout to 8p.

Good as the figures were, they were a fraction below the market's consensus forecast and, reading between the lines, a number of concerns are emerging. Not massive worries, but when a share is as highly rated as Wetherspoon has become the smallest cracks can unsettle investors.

First, cashflow. Wetherspoon is expanding fast, more than two new pubs a month, and soaking up about £30m a year in the process. Last year free cash flow amounted to just over £10m, leaving a substantial shortfall. Over the next five years, in addition to existing banking lines, perhaps £50m will be required, so expect another rights issue.

The other main worry is the aging of the group. As the years pass, a greater proportion of the portfolio is accounted for by pubs more than three years old. In that context, like-for-like sales growth of only 3 per cent in the second half of last year, compared with 10 per cent in the first, is not surprising and probably what investors should expect. Growth from now on will only come from adding new sites.

Those are the caveats. They should not detract from projected profits this year of £12.25m and earnings per share of 31p. With that sort of growth, a prospective price/earnings ratio of 20 is probably justifiable, but the best of the run must have already happened.

	Turnover £	Pre-tax £	EPS p	Dividend p
Fininvest (V)	2.62m (2.97m)	0.11m (0.07m)	0.45 (0.46)	n/a
Five Star (V)	19.5m (18.8m)	0.41m (1.4m)	2.2 (7.3)	n/a (2.7)
Forward Technology (V)	17.5m (15.4m)	0.81m (0.34m)	1.9 (0.8)	1 (0.5)
JD Wetherspoon (F)	68.5m (48.0m)	9.71m (4.08m)	24.6 (18.2)	8 (6.6)
Lazard (F)	2.74m (2.39m)	30.4m (-130m)	9.5 (6.3)	7 (7)
M&P Data Management (F)	41.4m (40.5m)	1.31m (0.35m)	1.6 (8)	3.576 (5.536)
Manganese Bronze (F)	86.3m (74.6m)	4.20m (2.04m)	15.53 (7.58)	5 (4)
Toy Houses (F)	118m (85m)	7.06m (6.23m)	15.9 (15.5)	7 (6.45)
(V) - Quarterly (F) - Final (V) - Interim				

It is ironic that just as Aram Energy was starting to make some real money, the Irish oil exploration stock has become the target of

gramme, neither of which can be guaranteed by any management.

In the past, Aram shareholders would have been happy to take Ir68p and run, but the company now holds a jewel for which Statoil may be prepared to pay more.

Excluded from acreage west of Shetland in the latest 16th round of licensing, Statoil is known to be keen to get a piece of the action.

Taking over Aram may be the only opportunity it gets and with deep pockets and state backing paying up to Ir68p a share would not present too big a financial strain. At 73.5p, hold on for further action.

Taxi maker's meter runs

In boom times no one thinks twice about hopping in a taxi, but when recession hits it is one of the first business costs to be squeezed. No surprise then that Manganese Bronze, which makes four-fifths of the black taxis sold in the UK, has recovered well since 1992 when collapsing sales led to losses of £2.45m.

The good news continued yesterday when MB reported more than doubled pre-tax profits of £4.2m in the year to July, up from £2.04m. Production of black cabs is running at 52 a week, up from 44 last year and well over 50 per cent higher than at the bottom of the recession.

Although the outlook is clouded a little by political uncertainty, there is no reason to doubt that steady growth should continue. But MB's future sales are underpinned anyway by the impending deadline for all taxis to be made accessible by the disabled. The company launched its own wheelchair-friendly Fairway eight years ago.

Already second-hand models dating from the late 1980s are worth £2,000 more than non-accessible vehicles, reflecting the approach of the cut-off point early next century. The lion's share of the replacements are almost certain to come from MB.

Meanwhile, profits are growing in the rest of the business. This remains the backbone of the group, raising their contribution 28 per cent to £4.12m last year, but the automotive components operation saw its profits more than triple to £829,000. Further elimination of loss-makers should see further recovery.

The group remains heavily exposed to the yen, the currency in which it buys the engines for its cabs, but recently the trend has been running in MB's favour. Profits of £5.2m this year would put the shares, up 5p at 192p yesterday, on a prospective multiple of nine. Reasonable value, although the market is thin, with 44 per cent of the equity in family hands.

Norwegian eyes are smiling

It is ironic that just as Aram Energy was starting to make some real money, the Irish oil exploration stock has become the target of

Country Casuals faces hostile bid from former chairman

DAVID HELLIER

Country Casuals, the ladies' fashion wear group, yesterday received a near-£27m hostile takeover bid from its former chairman and chief executive, John Shannon.

Mr Shannon is making the bid through a company called Ciro Holdings, principally a jewellery group, which he bought out of receivership last autumn.

The bid is being financed by means of subscriptions for shares in Ciro by Gartmore, Causeway and by another company controlled by Mr Shannon's charitable and family trusts, as well as through bank credit facilities of approximately £17.5m to be provided by Société Générale.

Shares in Country Casuals, which traded at 115p before an

announcement last week that it had received a bid approach, moved up a further 6p to 138p yesterday, just 2p below the 140p-a-share bid price.

Mr Shannon owns 18.8 per cent of Country Casuals' shares and he has already gained irrevocable acceptance from the group's next largest shareholder, Phillips and Drew Fund Management, in regard to its holding of around 13.3 per cent.

Mr Shannon said there were several options he could have chosen. "I could have dumped my shareholding which would have been disastrous for the share price. I could have been an opposing shareholder at company agnos or I could come up with a generous cash offer, which I have done."

He said a number of other institutional shareholders had expressed support for his bid but that none other than PDM had decided to accept his bid "at this stage".

The other leading institutional shareholders in Country Casuals are Equitable Life (around 7.5 per cent), Schroders (7 per cent), Norwich Union (6 per cent), Lazard (6 per cent), and Robert Fleming (5 per cent).

Mr Shannon said the Country Casuals management had not addressed fundamental issues. He disputed a statement from the board suggesting that the company had made substantial progress since 1994.

He said the continuing operations of Country Casuals had made losses before tax of £1.048m for the first half of the current financial year, an increase of 20 per cent over the previous year.

George Simpson, the ex-Rover man who inherited the sorry mess but he felt it unwise to leave the matter to an American jury.

A safe play given the trial of his namesake.

Will Arthur Andersen bid for Touche Ross? The possibility is now being openly debated on the abacus cocktail circuit with senior partners of the rival "Big Six" accountancy firms licking their lips over the inevitable and lucrative fallout.

Andersen lost out in the last bout of mega mergers. It has since swallowed the second-tier practice of Binder Hamlyn, but this morsel was not sufficient to satisfy its hunger for new audit clients.

Touche, on the other hand, has seen its fee income growth suffer and is now well adrift of its peers. It is also isolated on the issue of limited liability for auditors, preferring the moral high ground of unlimited liability.

"We never see Touche's name on the list when we are tendering for new audits,"

Anglian Group's two top men step down

NIC CICUTTI

Anglian Group, the troubled double glazing firm, yesterday announced that its chief executive, Ron Swift, and non-executive chairman, Sir Colin Barker, are to retire. Their departure from the housing products company follows a collapse in the value of its shares after a profits warning last month.

Sir Colin, 68, who retires in January after four years as chairman, will be replaced by David Perry, chairman at John Waddington. Mr Swift, 55, will leave, after 20 years at the firm, when a successor is found.

Share prices, which had risen slightly after a 20 per cent drop 10 days ago to 113p, remained unchanged yesterday at 122p.

Last month, Anglian Group warned that trading profits in the half-year to the end of Sep-

tember were expected to be down 20 per cent and dividend levels would reflect this fall.

In the past two years the company has been hit by a combination of warm weather, heavy competition and the slump in the housing market.

Sir Colin said last month that, while sales in the last six months were comparable to last year's levels, an unfavourable change in their mix from commercial to retail, was bound to hit results. His comments were followed by 90 sackings at BKL Extrusions, the aluminium business bought for £2.5m last spring.

Anglian shares were floated three years ago at 210p. They subsequently traded as high as 350p as Anglian recorded yearly profits of £24.7m in the 12 months to April 1994, before falling to £21.1m this April.

Simon Pincombe CITY DIARY

The embittered engineer who shopped Lucas Industries to the Pentagon over the falsification of test records has been well rewarded for his treachery.

The lowly ex-employee will collect \$19.1m from his agreement with US defence chiefs.

Keen to encourage a steady stream of corporate supergrasses, the Pentagon has been generous to a fault. The payoff amounts to 22 per cent of the \$88m that Lucas agreed to hand over last week to settle the dispute.

Even allowing for inflation this is a considerable advance on 30 pieces of silver.

The Pentagon was unmoved to learn that gearboxes for its Hornet fighters had slipped through rigorous testing procedures and pursued the matter with a vengeance. The malcontent, at the Western Geared Systems subsidiary, was promptly signed up and Lucas was banned from bidding for future defence contracts. It has already paid \$18.5m to end a criminal action. The settlement will stick in the craw of

George Simpson, the ex-Rover man who inherited the sorry mess but he felt it unwise to leave the matter to an American jury.

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"We never see Touche's name on the list when we are tendering for new audits,"

The £15bn merger between Lloyds Bank and the TSB is being greeted with dismay by friends of Graham Wallace, the TSB mouthpiece who always likes to say yes. A Canadian, who apparently pitched up in London with less than two pennies to rub together, his idea of corporate hospitality has been to invite guests to Eric Clapton concerts. Mr Wallace's style is said to owe much to his younger days when he belonged to a San Francisco rock band not dissimilar to the Grateful Dead.

However, there is concern that his refreshing approach may not be fully appreciated by that inebriated bunch at Lloyds where the chess culture left behind by former chairman Sir Jeremy Morse hangs heavy.

said one senior accountant. "Unless they happen to be the incumbent firm." This sounds reminiscent of the dying days of Arthur Young.

Amidst moments for David Gemmell, deputy chief executive of West Merchant Bank, whose forthcoming holiday in his native Zimbabwe had been looking anything but inviting. The swimming pool at his home, 29 Orange Grove Drive, Harare (a prestigious address) has been accidentally demolished thanks to an administrative cock up.

The trail of destruction began with an order for a swimming pool refurbish-

ment from 49 Orange Grove. One wrong number later and the pool squad arrived at Mr Gemmell's home, an old colonial property built in 1906 by the pioneers. Out went the water (during the worst drought in living memory) and in went the hammer and chisel.

"I got a fax from a friend to say that my pool looked like an IRA bomb had hit it," said the banker. "To be fair, it did look like it needed some attention." The contractor has agreed on a modest refurbishment in compensation - doubtless grateful that the property wasn't owned by Tiny Rowland. There really would have been hell to pay.

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USAF Hornet: the aircraft at the centre of the Lucas row

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market report/shares

DATA BANK

FT-SE 100
3,510.3 -16.2

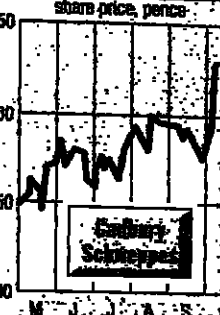
FT-SE 250
3,953.1 -25.9

FT-SE 350
1,754.5 -8.9

SEAQ VOLUME
744.9m shares,
33,483 bargains

Gifts Index
92.94 -0.17

SHARE SPOTLIGHT



Fizz over Cadbury rumours masks retreat of bulls

MARKET REPORT

JOHN SHEPHERD



ahead in recent months, is ripe for a correction.

Most of the underflow that pulled share prices down yesterday stemmed from the UK producer price data, showing a much higher than expected increase in raw material costs. The figures rekindled worries about inflation, and pushed hopes of another cut in interest rates further into the future.

London shares were also pulled under by the retreating tide on Wall Street. The Dow Jones index has struggled in recent weeks, and again fell sharply in early dealings yesterday. Within two hours of opening, the Dow had lost 50 points.

A clearer indication of the market's mood in London was amply reflected in the FTSE 250 index which, after its recent run to an all-time high of 3,991.3, retreated 25.9 points to 3,953.1. Similarly, the diminishing hopes of a cut in interest rates was seen in the gilt index, which fell from 93.11 to 92.94.

The picture, some traders said, looks even more gloomy given the strong likelihood that billions of pounds of takeover bids will be rolled out in the next couple of months. This week alone could see several billion pounds' worth, with Lloyds Bank, ahead 19p to 726p, and TSB, up 79p to

353p, believed to be on the verge of finalising their merger terms. The deal is expected to value TSB at between £4.5bn and £5bn.

There was also strong speculation towards the close of dealings that North West Water, steady at 601p, would today increase its £1.8bn offer for Norwich 10p firm at £10.93. Some dealers believe North West may significantly increase its offer to around £11 a share in an attempt to kill the rival bid for Norwich from Texas Energy Partners.

Electricity shares were softer amid fears of a Monopolies and Mergers Commission inquiry into the takeover moves by the two power generators for Rees. Powergen, off 9.5p to 535.5p, is bidding for Midlands Electricity, up 1p to 968p, while National Power, down 7.5p to 476.5p, has Southern Electricity, unchanged at 960p, in its sights.

All was not gloom and doom yesterday, however. Grand Metropolitan, which tracked the market for most of the session, turned round towards the close and finished 1p up on 431p.

The turnaround came amid a rumour the international food and drinks group would bring forward its announcement about a successor to Lord Sheppard of Didgmore, who is due to retire as chairman in the new year. George Bull, chief executive, is widely tipped. John McGrath, head of the IDV drinks subsidiary, is emerging as the favourite to become chief executive.

Other gainers included Celltech, ahead 5p to a all-time high of 462p, after announcing a co-operative research deal on an anti-cancer drug with Zeneca, up 14p to £11.77. Bluebird Toys rose 8p to 260p on press reports of a deal to make miniature toys for Disney.

There were signs of concern ahead of today's annual results from Lloyds Chemists. The shares fell 5p to 242p and more than 200,000 were traded in the tightly held and thinly traded stock. Analysts at Kleinwort Benson were yesterday said to have turned negative on the shares in the company, despite the on-going speculation that Tesco may make a bid. The consensus of opinion is that profits will be flat at £56m.

Dalepak, the frozen food group, was forced to announce that it was in bid talks after its shares climbed 28p to 139p. Some dealers believe the suitors to be Campbell Soup; others suggest that Howard Sims, who joined the board as a non-executive a year ago, would reverse his Cavendish & Gray business into Dalepak.

SHARE PRICE DATA

Prices are in sterling except where stated. The yield is last year's dividend, grossed up by 20 per cent, as a percentage of the share price. The price/earnings (P/E) ratio is the share price divided by last year's earnings per share, excluding exceptional items. Other details: ex Ex rights x Ex-dividend x Unlisted Securities Market x Suspended PF Parity Paid gas NI Paid Shares. Source: Firstcall.

THE INDEPENDENT INDEX

The index allows you to access real-time share prices by phone from Seaq. Simply dial 0891 123 335, followed by the 4-digit code printed next to each share. To access the latest financial reports dial 0891 1233 followed by one of the two-digit codes below.

FT-SE 100 - Real-time 00 Sterling Rates 04 Privatization Issues 26
UK Stock Market Report 01 Bullion Report 05 Water Shares 39
UK Company News 02 Wall St Report 20 Electricity Shares 40
Foreign Exchange 03 Tokyo Market 21 High Street Banks 41

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Calls cost 35p per minute (cheap rate), and 40p at all other times. Call charges include VAT.

MARKET LEADERS: TOP 20 VOLUMES

Stock	Vol/100	Stock	Vol/100	Stock	Vol/100	Stock	Vol/100
TSB	62,000	Cadbury Schweppes	5,000	Tesco	4,500	NI	4,000
British Rail	21,000	British Gas	4,000	Lloyds	4,000	Cable & Wire	4,000
Lyons Bank	14,000	BT	7,000	ARMADA Group	4,000	UK Post Office	4,000
Hanson	13,000	BP	4,000	Bank of Scotland	4,000	St James's Place	4,000
Stones	8,000	Albany National	4,000	Standard Life	4,000	Clarendon Ltd	4,000

FT-SE 100 INDEX HOUR BY HOUR	14.00 3512.6 down 13.5	15.00 3508.9 down 17.6
Open 3536.5 up 10.0	11.00 3515.5 down 10.3	16.00 3508.9 down 17.6
08.00 3527.6 up 1.1	12.00 3515.5 down 10.6	17.00 3508.9 down 18.2
10.00 3525.5 down 1.0	13.00 3515.7 down 10.8	Close 3510.3 down 16.2

BANKS, MERCHANT

Barclays Bank	410.00	First Direct	726.00
Bank of Scotland	960.00	HSBC	431.00
Bank of Ireland	242.00	Lloyds Bank	726.00
Bank of Wales	242.00	NatWest	535.50
Bank of Cyprus	242.00	TSB	353.00

BANKS, RETAIL

Bank of America	10.00	Bank of China	10.00
Bank of India	10.00	Bank of Japan	10.00
Bank of Korea	10.00	Bank of London	10.00
Bank of Mexico	10.00	Bank of New York	10.00
Bank of Paris	10.00	Bank of Spain	10.00

DIVERSIFIED INDUSTRIALS

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LIFE ASSURANCE

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STERLING		DOLLAR			D-MARK	
Country	2 month	3 month	1 month	3 month	Bank	
US	1.5988	16-12	34-31	1.2000	2-4	0.7394
UK	1.1145	15-16	29-27	1.0000	1-2	0.9449
Germany	2.2864	80-83	159-146	1-11	23-20	0.9317
France	7.3509	33-123	46-129	4.8333	89-115	1.0010
Italy	1.3611	10-11	20-19	1.0000	1-2	0.9317
Japan	158.67	10-11	20-19	1.0000	1-2	0.9317
ECU	1.2347	11-8	26-20	1.2750	30-40	0.7161
Netherlands	1.6667	80-81	181-167	1.6667	80-85	1.2306
Denmark	8.7072	10-10	21-11-5	1.6412	1-2, 7	0.9449
Holland	2.5098	80-81	181-167	1.6667	80-85	1.2306
Ireland	0.9502	80-81	20-17	1.0000	1-2	0.9317
Belgium	3.4061	51-48	100-90	0.9470	40-45	1.0535
Spain	164.24	10-11	133-121	1.2750	30-40	0.7161
Sweden	11.024	13-25	60-71	0.9333	30-35	0.9086
Switzerland	1.8393	77-70	139-125	1.1600	30-35	0.9086
Australia	2.0746	8-15	27-38	0.7025	16-8	0.7722
New Zealand	2.2604	6-12	25-30	0.7025	16-8	0.7722
Thailand	4.9198	40-26	27-31	2.5393	45-41	1.7032
Indo-Chinese	3.4831	36-51	11-19	0.6737	16-18	0.7722
Malaysia	2.2604	6-12	25-30	0.7025	16-8	0.7722
Singapore	2.2570	40-26	27-31	1.4952	30-26	0.9906

OTHER SPOT RATES					
Country	Starting	Dollar	Country	Starting	Dollar
Argentina	1.58	1	Hong Kong	129 1776	\$1.50
Australia	1.6222	0.94327	Israel	0.02695	\$1.35 2648
Brazil	1.361818	0.839	Italy	0.02695	\$1.35 2648
Canada	1.371788	0.915	Japan	0.02695	\$1.35 2648
France	1.371788	0.915	Philippines	0.02695	\$1.35 2648
Germany	1.371788	0.915	Portugal	0.02695	\$1.35 2648
Greece	1.371788	0.915	Spain	0.02695	\$1.35 2648
India	1.371788	0.915	South Africa	0.02695	\$1.35 2648
Indonesia	1.371788	0.915	Taiwan	0.02695	\$1.35 2648
Italy	1.371788	0.915	UAE	0.02695	\$1.35 2648
Japan	1.371788	0.915			

TOURIST RATES

2 Days	2 Days	2 Days	
Australia (Dollars)	2,570.00	New Zealand (Dollars)	2,350.00
Austria (Schillings)	2,440.00	Norway (Krone)	9,670.00
Belgium (Francs)	44,700.00	Portugal (Escudos)	227,000.00
Canada (Dollars)	2,020.00	Spain (Pesetas)	188,500.00
Cyprus (Pounds)	0,700.00	Sweden (Kronor)	10,950.00
Denmark (Krone)	8,470.00	Switzerland (Francs)	7,750.00
Finland (Markka)	2,440.00	Turkey (Lira)	25,300.00
France (Francs)	7,810.00	United States (Dollars)	1,950.00
Germany (Mark)	2,180.00		
Greece (Drachmas)	360,000.00		
Hong Kong (Dollars)	12,670.00		
Ireland (Pounds)	0,800.00		
Italy (Lira)	2,206,000.00		
Japan (Yen)	157,000.00		
Malaysia (Malaysian M.)	0,540.00		

UK Base	6.75%	Germany Discount	3.50%	US Prime	8.75%	Japan Discount	0.50%
France Interbank	5.00%	Lombard	5.50%	Discount	5.25%	Swiss Interbank	3.50%
Italy Discount	9.00%	Canada Prime	8.00%	Fed Funds	5.75%	Central Bank	4.05%
Netherlands Advances	3.80%	Discount	6.50%	10-Day Repo	9.25%	Switzerland Discount	2.00%
Sweden Repo (Avg)				Sweden Repo (Avg)	8.91%	Lombard	4.25%

BOND YIELDS

Country	5yr	yield %	10yr	yield %	Country	5yr	yield %	10yr	yield %
UK	6%	7.55	6%	8.12	Netherlands	9%	5.57	7%	10.87
US	6%	5.90	6%	6.08	Spain	12 1/2%	10.61	10%	6.95
Japan	5 1/4%	5.45	4 3/4%	2.71	Italy	10 1/2%	11.59	10 1/2%	12.02
Australia	7%	7.91	7%	8.47	Belgium	10%	6.14	6%	7.14
Germany	6%	5.36	6%	5.80	Denmark	11%	8.20	6%	9.53
France	7 1/2%	6.98	7 1/2%	7.59	ECU Unit	9%	10.25	7 1/2%	11.47

	O'night	7 Day	1 Month	3 Months	6 Months	1 Year
Interbank	5 3/4	6 1/4	6 1/2	6 3/4	6 3/4	6 1/2
Swelling CDs			6 1/2	6 3/4	6 3/4	6 1/2
Local Authority Depos	6 1/4	6 1/2	6 1/2	6 3/4	6 3/4	6 1/2
Discount Market Depos	6 1/2	6 1/2	6 1/2	6 3/4	6 3/4	6 1/2
Treasury Bills (90 Day)	6 1/2	6 1/2	6 1/2	6 3/4	6 3/4	6 1/2
Dollar Bills			6 1/2	6 3/4	6 3/4	6 1/2

[illegible]

Settlement prices 2504-2	closing offer price		Call/Put
Series	3480	3500	2600
November	94/14	10/14	23/117
December	90/30	86/56	43/85
January	127/57	98/77	73/102
January	-/-	120/93	-/-
			73/148
			Total vols

[illegible]

Source: The Public Ledger and I.C.M.										
SPOT CHART		FUTURES		FUTURES		FUTURES		FUTURES		
Price	Change	Price	Change	Price	Change	Price	Change	Price	Change	
BRE. CLOSING	% Chg. Yr Ago	SPOT	Change	SPOT	Change	SPOT	Change	SPOT	Change	
Nov	15.91	+0.25	18.85	Oct	14.75	+0.50	Nov	17.25	Nov	17.25
Dec	15.91	+0.25	18.85	Nov	14.75	+0.50	Dec	17.25	Dec	17.25
Jan	15.91	+0.25	18.85	Dec	14.75	+0.50	Jan	17.25	Jan	17.25
Feb	15.91	+0.25	18.85	Jan	14.75	+0.50	Feb	17.25	Feb	17.25
Mar	15.91	+0.25	18.85	Feb	14.75	+0.50	Mar	17.25	Mar	17.25
Apr	15.91	+0.25	18.85	Mar	14.75	+0.50	Apr	17.25	Apr	17.25
May	15.91	+0.25	18.85	Apr	14.75	+0.50	May	17.25	May	17.25
Jun	15.91	+0.25	18.85	May	14.75	+0.50	Jun	17.25	Jun	17.25
Jul	15.91	+0.25	18.85	Jun	14.75	+0.50	Jul	17.25	Jul	17.25
Aug	15.91	+0.25	18.85	Jul	14.75	+0.50	Aug	17.25	Aug	17.25
Sep	15.91	+0.25	18.85	Aug	14.75	+0.50	Sep	17.25	Sep	17.25
Oct	15.91	+0.25	18.85	Sep	14.75	+0.50	Oct	17.25	Oct	17.25
Nov	15.91	+0.25	18.85	Oct	14.75	+0.50	Nov	17.25	Nov	17.25
Dec	15.91	+0.25	18.85	Nov	14.75	+0.50	Dec	17.25	Dec	17.25
Jan	15.91	+0.25	18.85	Dec	14.75	+0.50	Jan	17.25	Jan	17.25
Feb	15.91	+0.25	18.85	Jan	14.75	+0.50	Feb	17.25	Feb	17.25
Mar	15.91	+0.25	18.85	Feb	14.75	+0.50	Mar	17.25	Mar	17.25
Apr	15.91	+0.25	18.85	Mar	14.75	+0.50	Apr	17.25	Apr	17.25
May	15.91	+0.25	18.85	Apr	14.75	+0.50	May	17.25	May	17.25
Jun	15.91	+0.25	18.85	May	14.75	+0.50	Jun	17.25	Jun	17.25
Jul	15.91	+0.25	18.85	Jun	14.75	+0.50	Jul	17.25	Jul	17.25
Aug	15.91	+0.25	18.85	Jul	14.75	+0.50	Aug	17.25	Aug	17.25
Sep	15.91	+0.25	18.85	Aug	14.75	+0.50	Sep	17.25	Sep	17.25
Oct	15.91	+0.25	18.85	Sep	14.75	+0.50	Oct	17.25	Oct	17.25
Nov	15.91	+0.25	18.85	Oct	14.75	+0.50	Nov	17.25	Nov	17.25
Dec	15.91	+0.25	18.85	Nov	14.75	+0.50	Dec	17.25	Dec	17.25
Jan	15.91	+0.25	18.85	Dec	14.75	+0.50	Jan	17.25	Jan	17.25
Feb	15.91	+0.25	18.85	Jan	14.75	+0.50	Feb	17.25	Feb	17.25
Mar	15.91	+0.25	18.85	Feb	14.75	+0.50	Mar	17.25	Mar	17.25
Apr	15.91	+0.25	18.85	Mar	14.75	+0.50	Apr	17.25	Apr	17.25
May	15.91	+0.25	18.85	Apr	14.75	+0.50	May	17.25	May	17.25
Jun	15.91	+0.25	18.85	May	14.75	+0.50	Jun	17.25	Jun	17.25
Jul	15.91	+0.25	18.85	Jun	14.75	+0.50	Jul	17.25	Jul	17.25
Aug	15.91	+0.25	18.85	Jul	14.75	+0.50	Aug	17.25	Aug	17.25
Sep	15.91	+0.25	18.85	Aug	14.75	+0.50	Sep			

LARGEST 100 INSURANCE FUNDS						
Rank	Fund	Assets	Assets	Rank	Fund	Assets
1	Equity Life Equity SA	\$41.1	258.8	1	London & Main Flexible	\$60.0
2	Equity Life Equity SA	241.3	258.8	2	Equity Life Equity SA	60.0
3	Equity Life Equity SA	241.3	258.8	3	Equity Life Equity SA	60.0
4	Equity Life Equity SA	241.3	258.8	4	Equity Life Equity SA	60.0
5	Equity Life Equity SA	241.3	258.8	5	Equity Life Equity SA	60.0
6	Equity Life Equity SA	241.3	258.8	6	Equity Life Equity SA	60.0
7	Equity Life Equity SA	241.3	258.8	7	Equity Life Equity SA	60.0
8	Equity Life Equity SA	241.3	258.8	8	Equity Life Equity SA	60.0
9	Equity Life Equity SA	241.3	258.8	9	Equity Life Equity SA	60.0
10	Equity Life Equity SA	241.3	258.8	10	Equity Life Equity SA	60.0
11	Equity Life Equity SA	241.3	258.8	11	Equity Life Equity SA	60.0
12	Equity Life Equity SA	241.3	258.8	12	Equity Life Equity SA	60.0
13	Equity Life Equity SA	241.3	258.8	13	Equity Life Equity SA	60.0
14	Equity Life Equity SA	241.3	258.8	14	Equity Life Equity SA	60.0
15	Equity Life Equity SA	241.3	258.8	15	Equity Life Equity SA	60.0
16	Equity Life Equity SA	241.3	258.8	16	Equity Life Equity SA	60.0
17	Equity Life Equity SA	241.3	258.8	17	Equity Life Equity SA	60.0
18	Equity Life Equity SA	241.3	258.8	18	Equity Life Equity SA	60.0
19	Equity Life Equity SA	241.3	258.8	19	Equity Life Equity SA	60.0
20	Equity Life Equity SA	241.3	258.8	20	Equity Life Equity SA	60.0
21	Equity Life Equity SA	241.3	258.8	21	Equity Life Equity SA	60.0
22	Equity Life Equity SA	241.3	258.8	22	Equity Life Equity SA	60.0
23	Equity Life Equity SA	241.3	258.8	23	Equity Life Equity SA	60.0
24	Equity Life Equity SA	241.3	258.8	24	Equity Life Equity SA	60.0
25	Equity Life Equity SA	241.3	258.8	25	Equity Life Equity SA	60.0
26	Equity Life Equity SA	241.3	258.8	26	Equity Life Equity SA	60.0
27	Equity Life Equity SA	241.3	258.8	27	Equity Life Equity SA	60.0
28	Equity Life Equity SA	241.3	258.8	28	Equity Life Equity SA	60.0
29	Equity Life Equity SA	241.3	258.8	29	Equity Life Equity SA	60.0
30	Equity Life Equity SA	241.3	258.8	30	Equity Life Equity SA	60.0
31	Equity Life Equity SA	241.3	258.8	31	Equity Life Equity SA	60.0
32	Equity Life Equity SA	241.3	258.8	32	Equity Life Equity SA	60.0
33	Equity Life Equity SA	241.3	258.8	33	Equity Life Equity SA	60.0
34	Equity Life Equity SA	241.3	258.8	34	Equity Life Equity SA	60.0
35	Equity Life Equity SA	241.3	258.8	35	Equity Life Equity SA	60.0
36	Equity Life Equity SA	241.3	258.8	36	Equity Life Equity SA	60.0
37	Equity Life Equity SA	241.3	258.8	37	Equity Life Equity SA	60.0
38	Equity Life Equity SA	241.3	258.8	38	Equity Life Equity SA	60.0
39	Equity Life Equity SA	241.3	258.8	39	Equity Life Equity SA	60.0
40	Equity Life Equity SA	241.3	258.8	40	Equity Life Equity SA	60.0
41	Equity Life Equity SA	241.3	258.8	41	Equity Life Equity SA	60.0
42	Equity Life Equity SA	241.3	258.8	42	Equity Life Equity SA	60.0
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50	Equity Life Equity SA	241.3	258.8	50	Equity Life Equity SA	60.0
51	Equity Life Equity SA	241.3	258.8	51	Equity Life Equity SA	60.0
52	Equity Life Equity SA	241.3	258.8	52	Equity Life Equity SA	60.0
53	Equity Life Equity SA	241.3	258.8	53	Equity Life Equity SA	60.0
54	Equity Life Equity SA	241.3	258.8	54	Equity Life Equity SA	60.0
55	Equity Life Equity SA	241.3	258.8	55	Equity Life Equity SA	60.0
56	Equity Life Equity SA	241.3	258.8	56	Equity Life Equity SA	60.0
57	Equity Life Equity SA	241.3	258.8	57	Equity Life Equity SA	60.0
58	Equity Life Equity SA	241.3	258.8	58	Equity Life Equity SA	60.0
59	Equity Life Equity SA	241.3	258.8	59	Equity Life Equity SA	60.0
60	Equity Life Equity SA	241.3	258.8	60	Equity Life Equity SA	60.0
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62	Equity Life Equity SA	241.3	258.8	62	Equity Life Equity SA	60.0
63	Equity Life Equity SA	241.3	258.8	63	Equity Life Equity SA	60.0
64	Equity Life Equity SA	241.3	258.8	64	Equity Life Equity SA	60.0
65	Equity Life Equity SA	241.3	258.8	65	Equity Life Equity SA	60.0
66	Equity Life Equity SA	241.3	258.8	66	Equity Life Equity SA	60.0
67	Equity Life Equity SA	241.3	258.8	67	Equity Life Equity SA	60.0
68	Equity Life Equity SA	241.3	258.8	68	Equity Life Equity SA	60.0
69	Equity Life Equity SA	241.3	258.8	69	Equity Life Equity SA	60.0
70	Equity Life Equity SA	241.3	258.8	70	Equity Life Equity SA	60.0
71	Equity Life Equity SA	241.3	258.8	71	Equity Life Equity SA	60.0
72	Equity Life Equity SA	241.3	258.8	72	Equity Life Equity SA	60.0
73	Equity Life Equity SA	241.3	258.8	73	Equity Life Equity SA	60.0
74	Equity Life Equity SA	241.3	258.8	74	Equity Life Equity SA	60.0
75	Equity Life Equity SA	241.3	258.8	75	Equity Life Equity SA	60.0
76	Equity Life Equity SA	241.3	258.8	76	Equity Life Equity SA	60.0
77	Equity Life Equity SA	241.3	258.8	77	Equity Life Equity SA	60.0
78	Equity Life Equity SA	241.3	258.8	78	Equity Life Equity SA	60.0
79	Equity Life Equity SA	241.3	258.8	79	Equity Life Equity SA	60.0
80	Equity Life Equity SA	241.3	258.8	80	Equity Life Equity SA	60.0
81	Equity Life Equity SA	241.3	258.8	81	Equity Life Equity SA	60.0
82	Equity Life Equity SA	241.3	258.8	82	Equity Life Equity SA	60.0
83	Equity Life Equity SA	241.3	258.8	83	Equity Life Equity SA	60.0
84	Equity Life Equity SA	241.3	258.8	84	Equity Life Equity SA	60.0
85	Equity Life Equity SA	241.3	258.8	85	Equity Life Equity SA	60.0
86	Equity Life Equity SA	241.3	258.8	86	Equity Life Equity SA	60.0
87	Equity Life Equity SA	241.3	258.8	87	Equity Life Equity SA	60.0
88	Equity Life Equity SA	241.3	258.8	88	Equity Life Equity SA	60.0
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93	Equity Life Equity SA	241.3	258.8	93	Equity Life Equity SA	60.0
94	Equity Life Equity SA	241.3	258.8	94	Equity Life Equity SA	60.0
95	Equity Life Equity SA	241.3	258.8	95	Equity Life Equity SA	60.0
96	Equity Life Equity SA	241.3	258.8	96	Equity Life Equity SA	60.0
97	Equity Life Equity SA	241.3	258.8	97	Equity Life Equity SA	60.0
98	Equity Life Equity SA	241.3	258.8	98	Equity Life Equity SA	60.0
99	Equity Life Equity SA	241.3	258.8	99	Equity Life Equity SA	60.0
100	Equity Life Equity SA	241.3	258.8	100	Equity Life Equity SA	60.0

UNIT TRUSTS GUIDE

d	ex dividend
s	exit charge applies
	when units are sold
buy	formerly 'offer'
sell	formerly 'bid'
x	Non SIB recognised fund

صلى الله عليه وسلم

sport

I certainly hope that new rules about professionalism do not prevent good books of this kind from being written

Selectors throughout the world are confronted by a problem which few, if any, will solve satisfactorily: whether to look forward to the World Cup in 1998, to live in the present and select on merit alone, or to mix the two approaches. Most countries will opt for the last – the compromise – solution. New Zealand show signs of adopting the first, though their emulation of the old French policy of mass execution may owe more to their defeat in this year's final than to looking forward towards 1999.

England, however, propose to choose on merit. Anyway, that is what Jack Rowell told Brian Moore – and that is why Moore has put off his decision to retire from international rugby. The story is told in

Moore and Stephen Jones's book *Brian Moore: The Autobiography* (Partridge Press, £16.99).

It is published at a most apposite time. Not only has everything that Moore prophesied and worked for more or less come about – though not perhaps in the way he wanted – it has happened when he, and others like him, are growing too old to profit from it.

In the recent England team there are Moore himself, Rob Andrew, Dewi Morris, Dean Richards, Rory Underwood and, the most public figure of all, Will Carling. Morris has already retired; while Andrew is to become a player-manager with Newcastle. The rest will almost certainly not be playing in the next World Cup. Even more unfairly, they

will miss the money that will be forthcoming in the next few years.

Certainly Andrew has secured lucrative employment in his native north-east. Carling's business continues, though whether his recent escapades make it a better or worse commercial proposition is not for me to say. The point is, however, that the players who did more than any others to bring about professionalism in the northern hemisphere – the senior members of the England squad – do not look likely to make as much as they could have done, because their careers are drawing to a close.

If Moore, an intelligent man, realises this, he shows no sign of bitterness. It is not a bitter book. What it is, if I may make the distinction, is a resentful book. In particular, Moore



ALAN WATKINS

resented – still resents – his exclusion from what he and Jones perhaps infelicitously refer to as the “inner circle” of Carling and Geoff Cooke.

He tells us that he never came to know either, though he does not blame them for that. Indeed, he pays

generous tribute to Cooke, saying that though the England players deserve the credit for the team's success in recent years, this would not have come about without Cooke.

Others of whom Moore writes generously are Ian McGeechan; Rowell, from what he has seen of him; and also his old Nottingham friend, Alan Davies, who was, he rightly thinks, unfairly dismissed by Wales before the last World Cup.

Altogether he makes several valuable points about touring, though they are not set out in any very clear or systematic way. He believes that coaches should coach and managers manage, and that Cooke's principal failing was that he would put his spoke into the coaching machinery. Clive Rowlands, on the 1989 Lions tour of

Australia, did not make this mistake.

Though Moore describes Rowlands as “vulnerable” – as, indeed, he is, few more so – he considers that he did a good job. In fact, he and Iwan Evans are the only two Welshmen (three if you count Davies too) of whom he has a good word to say. His general view seems to be that as England have long suffered verbal and worse abuse from the Celtic nations and the French, so they are now in justice entitled to a bit of their own back.

Thus the Irish are patronised as kick-and-rushers, their victories over England in 1993 and 1994 rather glossed over, though Moore has a good whinge about Simon Goghegan's try on the latter occasion. The Welsh are largely ignored.

Though he is loud in his praises of Kingsholm, he does not mention St Helen's or Stradcy Park at all. The French are tricky customers, prone to dirty play. But Moore reserves his strongest indignation for the Scots, particularly for John Jeffrey, both as a perpetually offside player and as a nationalistic commentator.

All in all it is a most stimulating performance. I certainly hope that new rules about professionalism do not prevent good books of this kind from being written. Still, I could have done with fewer stories about being sick on various occasions, and with a drastic reduction in assertions of the author's independence, aggression, competitiveness and refusal to stand any nonsense from anyone. We know, Brian, we know.

Boban the inspiration for Croatia

Conflict in the former Yugoslavia forced their captain into exile but now he stands on the brink of leading them to Euro '96. Trevor Haylett reports from Split

The emotion from a capacity crowd directed towards a group of outstanding footballers who have been their hope and inspiration through five years of war was tangible. It got to no one more than Zvonimir Boban, the Croatian captain, who, legend goes, had a part in the sequence of events that led to the conflict in the former Yugoslavia.

Were he not an inspirational leader of his successful team Boban, the illustrious Milan midfielder, would still be an emblem for national pride and courage among the people who have endured the bloody horrors in the Balkans for too long.

On a celebratory Sunday night in Split, he was the most impressive of the Croatian side whose 1-1 draw with Italy moved them a vital step nearer the European Championship finals in England next summer.

In 1990 he was just one of a crop of emerging talent consistently reared in a Republic then moving tragically towards its catastrophic break-up. On this particular day Boban was playing for Dynamo Zagreb against Red Star Belgrade, the pride of the Serbs.

Tensions were already high. The game, staged in Croatia and policed by Serbs, featured running battles between supporters and the authorities.

Fans spilled on to the pitch at the end to escape the worst of it, whereupon the police began beating them up. It so incensed Boban that in a flash of temper which would make Eric

Cantona proud, he directed a fly-kick at a uniformed officer. That show of solidarity made him a greater hero among the Croats but a marked man in the eyes of the enemy. The powers in Belgrade wanted him put on trial and he was forced into hiding before Milan rescued him and offered him a lavish lifestyle with the chance to win domestic and European honours.

Group four										
	P	W	D	L	F	A	Pts			
Croatia	3	2	1	0	4	20	6			
Italy	3	2	1	0	5	17	5			
Ukraine	3	1	1	1	3	13	3			
Slovenia	3	1	1	1	3	9	3			
Sweden	3	0	2	1	9	8	2			
Belgium	3	0	2	1	9	8	2			

Reunited Croatia: Tomorrow Slovenia v Ukraine; Lithuania v Estonia, 11 November; Italy v Ukraine, 15 November; Slovenia v Croatia; Italy v Lithuania.

Today as the warring nations edge towards peace they still talk about Boban's bravery and it is commonly recalled as one of the myriad and complex events that conspired to produce the armed struggle.

Two days ago in the Poljud Stadium that still bears the bullet holes from the opening shots in the conflict, Croatia fought back for an equaliser to maintain their three-point advantage over an Italian side reduced to 10 men after their goalkeeper, Luca Bucci, was sent off nine minutes into the qualifying tie for handling outside his area.

The 1994 World Cup finalists had demanded that the game be switched to somewhere safer, such as Vienna. The Croatian cynics said it was a request based on footballing logic and



Dubravko Pavlicic, of Croatia, and Italy's Alessandro del Piero (left) in pursuit of a shared Euro '96 goal in Split on Sunday

Photograph: AFP

the desire not to lose a second time to Boban's boys which would have brought the *Azari*'s own qualifying chances into serious question.

With Demetrio Albertini's 29th minute goal, the Italians suddenly felt at home and it needed Davor Suker's penalty equaliser – making him joint leading scorer among the qualifying nations with 12 – to preserve their three-point lead.

The Croatian goalkeeper admitted that he had never known an atmosphere as passionate as that in Split on Sunday. “It really got to the players,” he said. “Our people are so happy because they see an end to the war in sight. That and the historic times for Croatian football, because we will be the first to qualify for the finals of a major tournament, is why they were so spectacular.”

“We are all looking forward to coming to England and hopefully to play at Wembley which

is the best stadium in Europe. It has been so hard for our people and that is why the players give everything in every match.” Suker, Boksic and Boban are the pick of the Croatian collection who grew up together and were all part of the Under-19 Yugoslav team that won the World Youth Championship in Chile in 1989.

Historically, their country has always formed the rump of the Yugoslav side. Their coach-

ing is of a very high standard, a fact recognised by the wealthier clubs elsewhere in Europe who prize them away cheaply and then sell them on later, when they have established their reputations, for millions. English clubs have been slow to take the gamble on them. Our rules insist foreign players must have appeared a certain number of times for their country. It means we lose out to those clubs in France, Italy and Spain and

delay pushes up the price as Kevin Keegan found last season when quoted £5m for Suker when he looked at the Seville striker to replace Andy Cole. “The mistake English managers make is to like the Croats to those Yugoslavs who have come to England and generally not been a success,” said Mladen Petreska, a London-based travel agent and commercial adviser for the Croatian FA. “Historically, Croats look

to the West whereas the Serbs look to the East. They are physically and temperamentally equipped to do well in English football. Boban in Italy and Suker in Spain have done well as personalities aside from their footballing success. Slaven Bilic captains his German club, Karlsruhe. Can you imagine an English club giving the skipper's armband to a foreigner? It shows what they have to offer.”

The Croats believe they will emerge from the nightmare stronger and certainly their players, who have each contributed up to £25,000 to support the struggle, are showing them the way.

Consented away in luxury elsewhere, the atrocities have hit them harder than they will admit to. The young striker, Mario Stanic, this season's leading scorer in Belgium, has lost two friends in Sarajevo, for example, and wonders what is left of his home in that accursed city.

Barrow out at Wigan

Football
NICK DUXBURY

Graham Barrow was yesterday dismissed as the manager of Wigan Athletic following the Third Division club's 6-2 home defeat by Mansfield Town.

The 41-year-old Barrow, who played 200 games for Wigan during a previous spell at Springfield Park, had his contract terminated because the board “did not feel the club was going in the right direction on the playing side”.

Barrow, who rejoined Wigan in September last year when he replaced Kenny Swain as manager, said: “I do not think there is any justification for it. Saturday's result was the only real blemish in 12 months.” Alex Crilly, the club's coach, has taken temporary charge.

Bolton last night made an ambitious £1.2m move for Yugoslav midfielder, Dragan Covic, last night. The 21-year-old OFK Belgrade striker arrives at struggling Wanderers today and could make his debut against Everton on Saturday if his work permit comes through. Bolton also hope to sign Motherwell's Scottish international defender, Rob McKinnon, formerly with Hartlepool.

The Everton striker, Daniel Amokachi, has been called up by Nigeria for next week's Afro-Asian Cup tie in Uzbekistan and will miss the European Cup-Winners' Cup second round, first leg tie against Feyenoord.

Amokachi and Everton's other injured foreign player, Andrei Kanchelskis, will make their comebacks in tonight's reserve match at home to Blackburn.

The Everton full-back, Matt Jackson, has ended speculation about a swap deal involving David Hirst, the Sheffield Wednesday striker, by signing a new two-year contract.

WHERE ARE THEY NOW?

If England's defeat in Oslo in September 1982 started the nation, drawing comparison with the humbling inflicted by the United States at Belo Horizonte in 1950, its effect on the players involved was no less devastating. In Paul Mariner's recollection, it was “the lowest point in my career”.

In those days, you did not expect Norway to play with such passion and skill, “the former Ipswich and Arsenal centre-forward said. “It was such a shock and disappointment.”

The result placed England's qualification for the World Cup finals the following year in doubt but, in the event, Mariner's scrambled goal against Hungary at Wembley two months later was enough to book England's passage to Spain. It was the first of five consecutive goalkeeping appearances by Mariner in an England shirt, equalling the record set by Jimmy Greaves.

Mariner's post-playing career initially took him into sports management. Unfulfilled, however, he soon left for America, where he coached professionally in New York.



Paul Mariner

and San Francisco before returning to England two years ago. Today, Mariner is Director of Football at Bolton School, in his home town, and works as a match analyst for BBC local radio. He also coaches strikers for Preston North End and is a consultant for Coerver Coaching, teaching the Dutch methods to which Bobby Robson introduced him at Ipswich. “Youth football is the part of the game which fascinates me most,” he said.

Now 42 and divorced, he lives at Adlington, between Chorley and Bolton. His three sons, aged eight, 10 and 12, live in Devon.

Jon Cuffey

Mariners' big catch

Baseball
RUPERT CORNWELL

Just a month ago, Seattle voters rejected an increase in the local sales tax to help finance a new baseball stadium, and the Mariners' ownership was threatening to take the team out of town for good. However, this weekend's heroics against the New York Yankees have changed all that, as the Mariners battled into the first American League Championship series in the history of the franchise.

The crumbling old Kingdome has known nothing like it, as the Mariners overturned a 2-0 deficit in New York to clinch the best-of-five divisional series with a three game home sweep, topped by a palpitating 6-5 extra-innings victory on Sunday evening. For a national TV audience, it was a reminder that,

strikes, selfishness and greed notwithstanding, there's life in the grand old game yet.

Seattle's three certified superstars all played a key role: All Star outfielder Ken Griffey Jr smashed a towering home run, a weary left-handed starter Randy Johnson came off the bench to pitch three innings of relief on just 48 hours' rest, while the AL batting champion Edgar Martinez hit the game-winning double that drove in two runs at the bottom of the 11th.

Thus the stage is set for two most intriguing league championship match-ups. In the AL the Cleveland Indians, fresh from a 3-0 rout of the outcasted Boston Red Sox, tonight kick off their best of seven series with the Mariners in Seattle. Meanwhile two of baseball's thoroughbreds, the Atlanta Braves and the Cincinnati Reds, do battle for the National League Crown.

Logically the Indians, boasting the most murderous hitting line-up in the game, should prevail. But Seattle are on a roll and in Johnson, the 6ft 10in tall possessor of a 98 mph fastball, they have the most intimidating pitcher in baseball.

In the NL, justice demands a triumph of the Braves, the best team of the last decade not to have won a World Series. However, the Reds – lacking big names but with the speed, power and pitching to cause an upset – are confident of a first ever all-Ohio World Series, between Cincinnati and Cleveland.

CHAMPIONSHIP SERIES: AMERICAN LEAGUE Today and tomorrow: Mariners at Cleveland, Fri, Sat and Sun 7-12 Oct; Cleveland at Seattle, Fri, Sat and Sun 13-15 Oct; Seattle at Cleveland, Tue and Wed 16-17 Oct; Cleveland at Seattle. NATIONAL LEAGUE Today and tomorrow: Braves at Cincinnati, Fri, Sat and Sun 13-15 Oct; Cincinnati at Atlanta, Tue and Wed 16-17 Oct; Atlanta at Cincinnati, Thu 18 Oct; Braves at St Louis, Fri 19 Oct; St Louis at Cincinnati, Sat 20 Oct; Cincinnati at St Louis, Sun 21 Oct. AL playoffs: Yankees at Red Sox, Fri 13 Oct; Yankees at Red Sox, Sat 14 Oct; Yankees at Red Sox, Sun 15 Oct. NL playoffs: Braves at Pirates, Fri 13 Oct; Pirates at Braves, Sat 14 Oct; Braves at Pirates, Sun 15 Oct.

Marino is upstaged

American football
MATT TENCH

It was supposed to be Dan Marino's day but, with a sense of irony in which the sporting gods seem to revel, it became Jim Harbaugh's. And so, by the end of a strange afternoon in Miami, the spotlight had shifted from the man statistically cementing his reputation as the game's greatest quarterback to someone who only just qualifies as a journeyman.

With his fourth successful pass in Miami's game with Indianapolis, Marino broke the all-time NFL record for completions, his six-yarder to Keith Byars surpassing Fran Tarkenton's mark of 3,686. At that time the match could hardly have been better for Marino, with the Dolphins in control as they strolled to a 24-3 half-time lead.

But as well as being a game of

two quarterbacks it became one of two halves, and in the second period Harbaugh took over. He may not have been good enough to quarterback the Chicago Bears – no mean achievement on a team without a decent play-caller in the last decade – but Harbaugh is a feisty character who can be dangerous when he finds his range and is allowed to escape from the pocket.

Virtually faultless after the break, he brought the Colts level with three TDs, then won the game on the first possession of overtime. In the process the Colts put an end to the NFL's last remaining 100 per cent record, and posed some serious questions about the supposed steeliness of the Miami defense.

Just as worrying for Miami fans is Marino's health. He injured his hip and right knee during the game, had keyhole surgery on the knee yesterday and will definitely

miss Sunday's game at New Orleans.

The Dolphins' defeat allowed the Florida bragging rights to go to the Jacksonville Jaguars and Tampa Bay Buccaneers. The Jags, who turned a few heads by posting their first victory a week ago, had them swiftness Exorcist-style after they had beaten the Pittsburgh Steelers 20-16. Mark Brunell threw for 189 yards and a TD as the Steelers, the choice of many, including your correspondent, to make this year's Super Bowl tumbled to another unlikely loss. The Buccaneers enjoy an unusual view of the NFL Central – from the top – thanks to the 19-16 defeat of Cincinnati.

NFL playoff results: Week 10: New York Jets 27, Buffalo Bills 20; Cincinnati 16, Detroit 38; Cleveland 20, Dallas 24; Green Bay 20, Jackson 20; Houston 16, Minnesota 23; Houston 17, New York Jets 10; Indianapolis 27, New York Jets 10; Pittsburgh 20, Oakland 24; Seattle 14, Philadelphia 31; Washington 34, New England 3; Denver 37, Los Angeles 14; New Orleans, St Louis, San Francisco.

oh yeah

THE GREAT THING ABOUT THE

oh yeah

IS THAT IT DOESN'T MATTER

oh yeah

THE MONTHLY CHARGE IS

mm m

BUSINESS REACH MESSAGE 700

go on

HOW MANY TIMES IT IS USED

mm m

Featured Model: BusinessReach Message 700, with single line output visual display, only

SPORT

Venables in mood to lay the ghosts

Football

GLENN MOORE
reports from Oslo

England landed in the gathering gloom of a Norwegian evening last night with revenge on their minds but, officially at least, off the agenda.

In the last 14 years Norway have twice humiliated England in Oslo. The 1981 defeat, by 2-1, will be forever remembered for the Norwegian TV commentator whose delight led him to crow "Maggie Thatcher, Winston Churchill, Lord Nelson, your boys took one hell of a beating".

However, that defeat, though embarrassing, did not prevent England qualifying for the following year's World Cup. The loss in 1993 did. The infamous quote from that year belongs to the manager, Graham Taylor, who accused his team of "running around like headless chickens" in Poland four days earlier,

then sent them out with an unfathomable formation.

Les Ferdinand, who made his third England appearance in the '93 match, recalled: "The disappointing thing was we changed our game. We nullified our strengths to accommodate theirs."

Having also drawn twice at Wembley in the last three years Norway have thus conceded two goals in the last four meetings with England - after shipping 24 in the previous five. In addition, their club champions, Rosenborg Trondheim, defeated Blackburn Rovers in the Champions' League just a fortnight ago.

But, though Norway were at the last World Cup and England were not, they are not that good. At club level Rosenborg are the only Norwegian team left in Europe - compared to England's five - while the national team, though top of their group, will probably fail to make the European Championships unless they gain a

draw in the Netherlands next month.

But, for England, the most galling aspect of Norway's recent success against them is that it has been achieved by playing English-style football at its long-ball basic. "It is certainly effective, they get good results and we have the scars to prove it," Terry Venables said.

The England coach may have meant physically as well as mentally. There is much to atone for tomorrow, but said Venables, "looking for revenge is dangerous. You have got to have a clear head and be resolute. They are a tough side. We have got to stand up to that and play our football."

Venables' football is based on short-passing, rather than the long-ball, and he intends to continue with that philosophy. Whether he goes on to do so after next summer's European Championship, and in what role, is still uncertain.

Venables has been touted as a potential appointment as Technical Director, the new post which will oversee development of the English game. There has also been talk of his re-negotiating his contract in the wake of Internazionale's attempt to secure his services. Yesterday he said he had neither been interviewed for the new role, nor discussed his current contract. David Davies, the FA's Director of Public Affairs, stressed that, contrary to reports, a shortlist has not yet been drawn up.

However, it will be soon. Davies said the FA want to make the appointment before the European Championship next June. Venables also wishes to know his next move by then. Yesterday he hinted that his preference would be for remaining in his current job - or taking another managerial position - when he said: "I miss working on the pitch every day, but I am enjoying this job more and more. Whatever happens it is no good my coming out of the Championship with a week to sort out my future."

For now he is looking no further than tomorrow's intriguing clash of styles. England's main doubts appear to be at centre-forward and right-back, where Gary Neville's rise has jeopardised Rob Jones' position. Robert Lee and Jamie Redknapp are expected to form the midfield axis with Steve McNamara and Dennis Wise on the flanks. Nick Barmby will operate just behind either Alan Shearer - the likely choice - or Les Ferdinand in attack.

Robson owes debt to Dunga

Following his spectacular coup in signing the Brazilian, Juninho, the Middlesbrough manager, Bryan Robson has urged his fellow British managers to follow his lead and look to South America for new talent.

"Sometimes we underestimate ourselves in this country," he said. "My credo is that if you fancy a top player in the world, why not go out and get him? You never know."

"In the past the top Brazilians, with the sort of money they've wanted, have chosen Spain and Italy, where there's a lot of money and the league was probably classed as better than the British leagues."

"But now the Premier League, with all the commercial money coming in, is catching up - if not overtaking - the Spanish and we're getting very close to Serie A. We can compete with them and start bringing more of the top players in."

Juninho, the 22-year-old midfielder who masterminded England's defeat at Wembley last summer, was always Robson's prime target. "We were a step ahead by going out there," he said. "Once I got across the table, the stumbling block was persuading them to sell. I never had a problem getting Jun-

inho to come to Middlesbrough," Robson said.

"Dunga [the Brazilian captain] helped me sell the idea of coming to England to him - Juninho listens to him a lot."

"When I went into management I thought I would definitely look at Brazilians. When people talk about the best players in the world, they're almost all Brazilian, so I studied them a lot over the last year," Robson said. "We talk about the skills they have but they are tough, too."

Liverpool's Jason McAteer, looks set to start in place of John Sheridan, who yesterday pulled out of the Republic of Ireland squad to face Latvia tomorrow in their European Championship qualifier in Dublin.

Similarly, Northern Ireland have lost the services of the Southampton midfielder, Jim Magilton, who withdrew with a leg injury shortly before the squad left for their tie, in the same group, with Liechtenstein. West Ham's Keith Rowland has been called up as a replacement.

John Robertson, the Hearts striker who has not started in any of Scotland's nine European Championship qualifying games, will do so in the Stockholm friendly against Sweden.

CROATIAN INSPIRATION: 'It has been so hard for our people and that is why the players give everything in every match'

Page 28



Lord of the rings: Yuri Chechi, the world champion from Italy, holds on for his third successive gold medal in apparatus finals during the World Gymnastics Championships in Sabae, Japan, yesterday. Chechi won with a score of 9.850 points. Photograph: Eriko Sugita/Reuters

Racing and hockey in first drugs test failures

Drugs in sport

RICHARD EDMONDSON AND NICK DUXBURY

Racing, hockey and athletics were joined together yesterday in a fashion none of the them would have wished - by drugs.

The apprentice jockey Sean McCarthy became the first rider in Britain to fail a random drug test, while the German international, Oliver Kurtz, joined him as a hockey "first" after his system showed traces of cocaine. Athletics, unlike the other two no stranger to drugs, had the South African javelin thrower Philip Spies falling foul of three banned stimulants.

The 22-year-old McCarthy, will tomorrow discover his punishment after testing positive for cannabinoids and amphetamines.

McCarthy, who was born in Liverpool, will appear in front of the Jockey Club's Disciplinary Committee for sentence following a positive sample he returned at Folkestone in August. He is expected to be suspended for a month.

This is the first case of its kind since random testing was introduced to the sport just over a year ago. Some 150 tests have been carried out so far.

It was McCarthy's misfortune that drug-testers turned up at Folkestone on 15 August, one of the few days he has actually ridden in public this year. He was tested after partnering Harry Welsh into third place in the concluding apprentice handicap for the Lambourn trainer Kevin McCanliffe.

Michael Caulfield, the Secretary of the Jockeys Association said: "The message is

simple, that any dabbling at all will lead to people getting caught. There is no place in racing for any illegal drugs."

The International Hockey Federation, who have carried out tests since 1968, have banned Kurtz from playing for Germany for two years and his club until April next year.

He tested positive for benzoylgonine, a metabolic of cocaine, at the Atlanta Challenge Cup in August. The Federation stressed that the substance was "one of a social nature and should not be considered as a performance enhancing drug."

Spies, 25, tested positive for tetrahydrocannabinol, methylphenidate and pseudoephedrine at the All African invitation meeting in Johannesburg last month. He has been suspended pending a hearing by Athletics South Africa.

Hill to race with leg fracture

Motor racing

DERICK ALLSOP

Damon Hill will nurse a hair-line fracture of the leg through the closing stages of the Formula One season and still endeavour to recoup some honour from the wreckage of his world championship challenge.

The Englishman, launching a limited edition of print etchings at Harrods yesterday, also traced the line of the problem on the outside of his knee. "It hurt like hell in testing last week," he said, "but nothing like as much as losing the championship."

The injury, which was sustained when he crashed in the Grand Prix of Europe at the Nürburgring nine days ago, was

discovered by Hill's physiotherapist and interrupted the Williams-Renault driver's test programme at Imola. He is adamant, however, that it will not dilute his determination to end his season on a high.

Hill, trailing Benetton-Renault's Michael Schumacher by 27 points with three races and a maximum of 30 points left to contest, said: "It's getting easier all the time and I'm determined to see out the rest of the season."

"Even if it's not possible to win the championship now, there's still a lot to glean. There is a lot of honour at stake. There are three races left and I think I can win all of them. That's my target."

Hill has been severely criticised for not owing up to some of his lapses this season, and he

conceded: "I would admit to being too anxious to win at times. I made mistakes at Silverstone, Hockenheim and Monza. But that does not tell the whole story and this season has proved to me I can win the championship."

"What has happened has not put me off at all, and certainly hasn't weakened my resolve to win the championship. No one likes losing, as I've found out. If I can end the season with a winning sequence it will help alleviate some of the disappointment and make a point."

"It will be a warning signal for next year. My ambition is still to win the world championship and the rest of this season can serve as a platform for next year." Hill races next at the Pacific Grand Prix, at Aida, on Sunday week.

HAVE YOU GOT WHAT IT TAKES?

THINK [] CHOIR
AMPLE [] REVEL
GRAND [] DROLL
PIVOT [] VAGUE
SPACE [] BLESS
EAGER [] HOVEL
LOCAL [] MANOR



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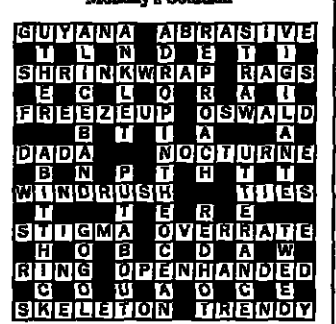
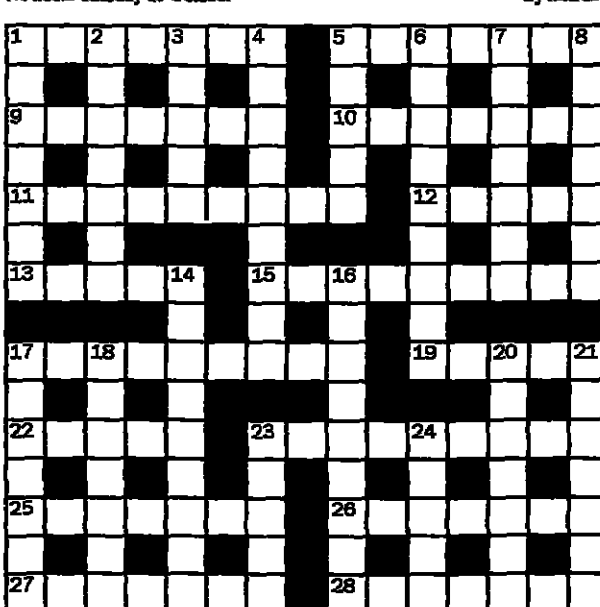
Mensa

THE INDEPENDENT CROSSWORD

No 2881, Tuesday 10 October

By Aired

Monday's Solution



ACROSS

- 1 Left and hurried back, coming in to make meal of jam (5-2)
- 5 Material one removed from architectural column? (7)
- 9 Motoring organisation backs one at front of convoy (7)
- 10 It's said to give rise to contraband (7)
- 11 Fish in European country one can sell to anybody (9)
- 12 Greek prayer which is for the departed? (5)
- 13 Composer featuring in catalogue we hear (5)
- 15 Deceitful junior employee? (9)
- 17 Senior teacher's sour? It's a great advantage (4-5)
- 19 One wades right into corporal punishment (5)
- 22 Person in charge of frenetic activity (5)

- 23 One US soldier in elaborate start (9)
- 25 Limiting island holidays does not give one a clear run (7)
- 26 Enthusiasm in Parisian valse with gliding movement (7)
- 27 Some research assistance needed to produce a frame (7)
- 28 Support for board's formulation of letters (7)

DOWN

- 1 Fancifully in the mood for dismissing a lot? (7)
- 2 Bald Henry left, inspiration being impossible? (7)
- 3 Balanced lines about the first lady (5)
- 4 Possibly nine plus one made by Gower? (9)
- 5 One in posture showing balance (5)
- 6 Logical end of Spenser narrative could be so? (9)
- 7 Double-act performed, containing old piece of music (7)
- 8 Perhaps embarrassed about exorbitant rate for tyre? (7)
- 14 All cricket bags which can set precedents? (4-5)
- 16 Potential merit in minor damage or injury? (9)
- 17 House crime trust by ancient linesman? (7)
- 20 Wrong names by one? A case of this perhaps? (7)
- 21 A female insect is unyielding (7)
- 22 A rumour has to take English and needs one to explain text (7)
- 23 There could be nothing like one's watering hole (5)
- 24 One uses flexible spring (5)